

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

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In re:

PROMESA
Title III

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

Case No. 17 BK 3567 LTS

PUERTO RICO HIGHWAYS AND
TRANSPORTATION AUTHORITY (“HTA”),

Debtor.¹

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**SUMMARY SHEET ACCOMPANYING AMENDED² SEVENTH INTERIM FEE
APPLICATION OF MCKINSEY & COMPANY, INC. WASHINGTON D.C. AS
CONSULTING SERVICES PROVIDER TO THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO, AS REPRESENTATIVE OF DEBTOR,
PUERTO RICO HIGHWAYS AND TRANSPORTATION AUTHORITY (“HTA”) FOR
THE PERIOD FROM JUNE 1, 2019 THROUGH JUNE 30, 2019**

Name of Applicant:

McKinsey & Company, Inc. Washington D.C.
(“McKinsey Washington”)

Authorized to Provide Services to:

The Financial Oversight and Management Board for
Puerto Rico, as Representative of the Debtors Pursuant
to PROMESA Section 315(b)

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); and (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

² This Amended Seventh Interim Fee Application is being filed solely to correct and replace Exhibit “C” to the original Seventh Interim Fee Application filed by McKinsey & Company, Inc. Washington D.C. on July 21, 2020 (Case No. 17-03283 LTS [Dkt. No. 13757]).

Period for which Compensation and Reimbursement is Sought:	June 1, 2019 through June 30, 2019
Monthly Fee Statements Subject to Seventh Interim Fee Request:	Eighteenth Monthly Fee Statement for Compensation for Services Rendered From June 1, 2019 through June 30, 2019: Title III Support for HTA dated September 5, 2019
Total Fees Requested for Seventh Interim Compensation Period:	\$310,000.00
Total expenses requested for Seventh Interim Compensation Period:	\$0.00³
Total fees and expenses requested for Seventh Interim Compensation Period:	\$310,000.00
Total requested Seventh Interim Compensation Period fees and expenses paid to date:	\$256,740.07
Total fees and expenses subject to an Objection:	\$0.00
Type of Application:	Amended Seventh Interim Fee Application: Title III Support for HTA
Deadline for parties other than notice parties to file objections:	August 4, 2020

³ McKinsey Washington provides services on a fixed fee basis, and as such, seeks no reimbursement of expenses.

UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO

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In re:

PROMESA

Title III

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

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**AMENDED SEVENTH INTERIM FEE APPLICATION OF MCKINSEY & COMPANY,
INC. WASHINGTON D.C. AS CONSULTING SERVICES PROVIDER TO THE
FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO, AS
REPRESENTATIVE OF DEBTOR, PUERTO RICO HIGHWAYS AND
TRANSPORTATION AUTHORITY (“HTA”), FOR THE PERIOD FROM
JUNE 1, 2019 THROUGH JUNE 30, 2019**

McKinsey & Company, Inc. Washington D.C. (“McKinsey Washington”), strategic consultants to the Debtors in the above-captioned cases, respectfully represents:

INTRODUCTION

1. By this amended seventh interim fee application (the “Amended Seventh Interim Fee Application”), McKinsey Washington seeks the allowance and payment of compensation for

⁴ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); and (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

professional services related to Title III support for HTA rendered pursuant to the *Second Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [Docket No. 3269] (the “Interim Compensation Order”), the applicable provisions of Title 11 of the United States Code (the “Bankruptcy Code”), the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), the Local Bankruptcy Rules of the United States Bankruptcy Court for the District of Puerto Rico (the “Local Rules”) and Appendix B of the *U.S. Trustee’s Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. §330 by Attorneys in Large Chapter 11 Cases Effective as of November 1, 2013* (the “U.S. Trustee Guidelines,” and together with the Interim Compensation Order, the Bankruptcy Code, the Bankruptcy Rules and the Local Rules, the “Code and Rules”). Pursuant to the Code and Rules, the Certification of Thomas Dohrmann, a Partner of McKinsey Washington, regarding compliance with the statutory and legal authority cited above is attached hereto as Exhibit A.

2. By this Amended Seventh Interim Fee Application, McKinsey Washington seeks allowance and payment of compensation for professional services performed by McKinsey Washington for the period from June 1, 2019 through June 30, 2019 (the “Compensation Period”) pursuant to the “Title III Support for HTA” Scope of Work set forth in the Consulting Agreement, as defined in paragraph 10 and attached hereto as Exhibit B, in the aggregate amount of \$310,000.00, representing 100% of fees incurred during the Compensation Period. McKinsey Washington submits that allowance and payment of this amount are fully warranted given the actual and necessary services rendered to the Debtors by McKinsey Washington, as described in this Amended Seventh Interim Fee Application.

BACKGROUND AND JURISDICTION

3. On May 3, 2017 (the “Petition Date”), the Commonwealth of Puerto Rico (as herein defined), by and through the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), pursuant to section 315(b) of the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), filed a petition (the “Petition”) with the United States District Court for the District of Puerto Rico (the “Court”) under Title III of PROMESA.
4. On May 5, 2017, the Puerto Rico Sales Tax Financing Corporation (“COFINA,” and together with the Commonwealth (the “Commonwealth”) of Puerto Rico, the “Debtors”), by and through the Oversight Board, as COFINA’s representative pursuant to PROMESA section 315(b), filed a petition (“COFINA’s Petition,” and together with the Commonwealth’s Petition, the “Petitions”) with the Court under Title III of PROMESA. The filings of the Petitions constitute orders for relief under Title III of PROMESA.
5. On May 9, 2017, the Debtor filed a motion seeking the joint administration of the Title III cases (the “Title III Cases”) for procedural purposes only, pursuant to PROMESA section 304(g) and Bankruptcy Rule 1015, made applicable to these Title III Cases by PROMESA section 310. On June 1, 2017, the Court ordered that the cases be consolidated for procedural purposes and be jointly administered.
6. On June 15, 2017, an Official Committee of Unsecured Creditors and an Official Committee of Retirees were appointed in the Title III cases by the United States Trustee for Region 21.
7. On November 8, 2017, the Court entered *the First Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, which directs that professionals in the Title III Cases be paid interim compensation and outlines the procedures by

which professionals are to submit, at four-month intervals, “an application for interim Court approval and allowance of the payment of compensation.”

8. On June 6, 2018, the Court entered *the Second Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, which amended certain provisions regarding the procedures by which professionals are to submit, at four-month intervals, “an application for interim Court approval and allowance of the payment of compensation.”
9. This Court has subject matter jurisdiction over this matter pursuant to PROMESA section 306(a). Venue is proper in this district pursuant to PROMESA section 307(a).

THE RETENTION OF MCKINSEY WASHINGTON

10. On or about July 3, 2017, McKinsey Washington and the Oversight Board entered into a contract setting forth consulting services McKinsey Washington would provide in support of the Title III litigation (First amendment effective November 1, 2017, Second amendment effective April 1, 2018) (the “Consulting Agreement”), attached hereto as Exhibit B. The scope of work under the Consulting Agreement is divided into three (3) distinct workstreams: (i) Commonwealth Title III Support; (ii) Title III Support for PREPA; and (iii) Title III Support for HTA. This Amended Seventh Interim Fee Application concerns the third workstream, namely Title III Support for HTA.⁵
11. Consistent with how McKinsey Washington serves clients and prices its engagements both for the public and private sectors, McKinsey Washington’s fee structure under the Consulting

⁵ McKinsey Washington simultaneously served separate Seventh Interim Fee Applications for compensation for services rendered pursuant to the other two (2) workstreams under the Consulting Agreement.

Agreement for services related to Title III support for HTA was constructed on a monthly firm fixed price basis, as set forth below for the Compensation Period:

Period of Performance	Fee
June 2019	\$310,000.00

12. These monthly rates are similar to rates that McKinsey Washington charges for professional services rendered in comparable matters. Such fees are reasonable based on the customary compensation in a competitive market.
13. There is no agreement or understanding between McKinsey Washington and any other nonaffiliated person for the sharing of compensation to be received for services rendered in the Title III Cases.
14. All services performed by McKinsey Washington for which fees are requested herein were performed or incurred for and on behalf of the Debtor and were not for any other person or entity.

SUMMARY DESCRIPTION OF SERVICES PERFORMED –
TITLE III SUPPORT FOR HTA

15. Set forth below is a brief summary of the principal matters on which McKinsey Washington provided services in connection with the Title III Support for HTA workstream during the Compensation Period, along with a list of the McKinsey Washington professionals who performed services during that period. In addition to this summary, comprehensive details setting forth the day-to-day activities performed and deliverables provided by McKinsey Washington

professionals are included in McKinsey Washington's Monthly Fee Statements (McKinsey Washington's Eighteenth Monthly Fee Statement for Compensation For Services Rendered from June 1, 2019 through June 30, 2019: Title III Support for HTA (the "Eighteenth Monthly Fee Statement: Title III Support for HTA"), attached hereto as Exhibit C.

June 2019:

In June, the HTA Team focused on finalizing and certifying HTA's Fiscal Plan and FY20 budget and further developing expectations for HTA's performance monitoring to ensure HTA's compliance with the Fiscal Plan. Specifically, June focused on refining HTA's FY20 budget for certification, including sending a Notice of Violation ("NOV") letter; introducing additional budget granularity to toll increases, payroll, and professional services; and incorporating feedback from Federal Highway Authority ("FHWA").

In finalizing the FY20 budget, the team reviewed drafts of the budget and collected feedback from FHWA, HTA and its advisors, and the Board subcommittee. Additionally, the team met with HTA to review the NOV and to discuss budget gaps and next steps.

The McKinsey Washington personnel who provided services related to the HTA Title III support are set forth below:

Mike Kerlin (Partner – part-time – content director infrastructure):

Aaron Bielenberg (Associate Partner – part-time – content director infrastructure):

Roberto Charon (Associate Partner – part-time – expert on capital projects and infrastructure);

Ben Safran (Associate Partner – part-time – engagement director and expert in infrastructure);

Zarif Jamil (Engagement Manager – full-time – engagement manager);

Rustin Fakheri (Associate – full-time – CIP and FP monitoring); and

Sam DeFabrizio (Business Analyst – CIP and FP monitoring).

The core activities and deliverables related to the HTA Title III support included:

■ Budget development

- Prepared a draft of the FY20 budget for HTA based on the Fiscal Plan, identifying Fiscal Plan line items for greater granularity in the budget to better ensure HTA compliance with the planned fiscal measures
- Facilitated HTA FY20 budget development, providing regular updates and ensuring Board feedback was incorporated into the budget
- Reviewed HTA’s budget submission and identified potential fiscal plan violations for Board subcommittee review and inclusion in the FY20 budget Notice of Violation
- Facilitated budget submission process including identifying potential fiscal plan violations
- Facilitated HTA budget draft to support both accurate representation of federal funds available and the budget’s compliance with federal standards
- Facilitated budget certification process, including developing a work plan and facilitating regular meetings

■ Fiscal Plan development and monitoring

- Submitted Fiscal Plan for final Board approval
- Prepared monthly reporting memo from HTA budget-to-actuals report, identifying areas of concern for further discussion within FOMB and with FHWA

- Reviewed update materials for Executive Director, providing input on key messages and contextual elements, e.g., current situation at HTA, key areas of performance
- Participated in discussions with FHWA division administrator on HTA's progress against capital program
- Provided industry expertise on approaches for HTA to aggregate and visualize data on both capital program delivery and road quality and safety
- Reviewed HTA's cash balances, including sources, uses, and restrictions
- Prepared perspective on accounting and fund carryover principles to address FOMB Executive Director concerns around a balanced HTA budget
- Analyzed road construction contract for alignment with the Fiscal Plan

■ Fiscal Plan support

- Participated in working sessions with HTA on i) toll optimization and rightsizing; ii) model updates; and iii) budget process and CIP
- Participated in call with PJT on HTA's financial performance and potential in terms of tolls, concessions, and Tren Urbano
- Researched and synthesized FHWA funding requirements and their impact on HTA's Fiscal Plan and budget
- Synthesized a view of toll fine collection performance expectations, as well as best practices in fine collection, from conversations with external experts

SUMMARY OF PROFESSIONAL COMPENSATION REQUESTED

Interim Fee Applications

16. On December 15, 2018, pursuant to the Interim Compensation Order, McKinsey Washington filed its First Interim Fee Application, covering the compensation period July 1, 2017 through September 30, 2017 [Docket No. 2073].
17. On March 19, 2018, pursuant to the Interim Compensation Order, McKinsey Washington filed its Second Interim Fee Application, covering the period October 1, 2017 through January 31, 2018 [Docket No. 2756].
18. On July 16, 2018, pursuant to the Interim Compensation Order, McKinsey Washington filed its Third Interim Fee Application, covering the period February 1, 2018 through May 31, 2018 [Docket No. 3580].
19. On October 31, 2018, pursuant to the *Fee Examiner's Third Interim Report on Professional Fees and Expenses (February 1, 2018 – May 31, 2018)*, the Fee Examiner recommended full approval of the First, Second and Third Interim Fee Applications filed by McKinsey Washington [Docket No. 4126].
20. On November 9, 2018, pursuant to the *Omnibus Order Awarding Interim Allowance of Compensation for Professional Services Rendered and Reimbursement of Expenses for the First (May 3 through September 30, 2017), Second (October 1, 2017 through January 31, 2018), and Third (February 1 through May 31, 2018) Interim Compensation Periods* (the "Omnibus Fee Order"), this Court granted McKinsey Washington's First, Second and Third Interim Fee Applications, and authorized the Debtors to pay one hundred (100%) percent of the fees requested by McKinsey Washington for each of those compensation periods, as set forth on Exhibit A to the Omnibus Fee Order [Docket No. 4200].

21. On November 16, 2018, pursuant to the Interim Compensation Order, McKinsey Washington filed its Fourth Interim Fee Application, covering the period June 1, 2018 through September 30, 2018 [Docket No. 4333].
22. On March 14, 2019, pursuant to the *Omnibus Order Awarding Interim Allowance of Compensation for Professional Services Rendered and Reimbursement of Expenses for the Fourth Compensation Period (June 12, 2018 through September 30, 2018)* (the “Second Omnibus Fee Order”), this Court granted McKinsey Washington’s Fourth Interim Fee Application, and authorized the Debtors to pay one hundred (100%) percent of the fees requested by McKinsey Washington for the compensation period, as set forth on Exhibit A to the Second Omnibus Fee Order [Docket No. 5654].
23. On March 18, 2019, pursuant to the Interim Compensation Order, McKinsey Washington filed its Fifth Interim Fee Application, covering the period October 1, 2018 through January 31, 2019 [Docket No. 5805].
24. On June 26, 2019, pursuant to the *Omnibus Order Awarding Interim Allowance of Compensation for Professional Services Rendered and Reimbursement of Expenses for the Fifth Compensation Period (October 1, 2018 through January 31, 2019)* (the “Third Omnibus Fee Order”), this Court adjourned consideration of McKinsey Washington’s Fifth Interim Fee Application.
25. On July 15, 2019, pursuant to the Interim Compensation Order, McKinsey Washington filed its Sixth Interim Fee Application, covering the period February 1, 2019 through May 31, 2019.⁶

⁶ McKinsey Washington’s seven interim fee applications are summarized as follows:

26. On October 29, 2019, pursuant to the *Omnibus Order Awarding Interim Allowance of Compensation for Professional Services Rendered and Reimbursement of Expenses for the Sixth Compensation Period (February 1, 2019 through May 31, 2029)* (the “Fourth Omnibus Fee Order”), this Court granted McKinsey Washington’s Fifth and Sixth Interim Fee Applications, and authorized the Debtors to pay one hundred (100%) percent of the fees requested by McKinsey Washington for the compensation periods, as set forth on Exhibit D to the Fourth Omnibus Fee Order [Docket No. 9046].

Monthly Fee Statements

27. On September 5, 2019, pursuant to the Interim Compensation Order, McKinsey Washington served on the Notice Parties (as defined therein) the Eighteenth Monthly Fee Statement for services rendered from June 1, 2019 through June 30, 2019 under the Title III Support for HTA workstream (the “Eighteenth Monthly Fee Period”).

28. As reflected in the Eighteenth Monthly Fee Statement: Title III Support for HTA, during the Eighteenth Monthly Fee Period, McKinsey Washington incurred \$310,000.00 in fees related to

McKinsey Workstream	First Interim Fee Application	Second Interim Fee Application	Third Interim Fee Application	Fourth Interim Fee Application	Fifth Interim Fee Application	Sixth Interim Fee Application	Seventh Interim Fee Application
Commonwealth	\$1,480,000.00	\$6,550,000.00	\$7,237,000.00 ¹ (understated by \$500.00)	\$5,670,000.00	\$5,670,000.00	\$5,670,000.00	\$1,417,500.00
PREPA	\$1,480,000.00	\$2,960,000.00	\$2,960,000.00	\$2,960,000.00	\$2,960,000.00	\$2,960,000.00	\$ 740,000.00
HTA	\$2,160,000.00	\$1,025,000.00	\$1,585,000.00	\$1,240,000.00	\$1,240,000.00	\$1,240,000.00	\$ 310,000.00
Total	\$5,120,000.00	\$10,535,000.00	\$11,782,000.00	\$9,870,000.00	\$9,870,000.00	\$9,870,000.00	\$2,467,500.00
Total requested amount for all Workstreams for First Seven Interim Fee Periods:	\$59,514,500.00						

Title III Support for HTA and sought payment of ninety (90%) percent of such fees (\$279,000.00) in accordance with the Interim Compensation Order.

29. To date, McKinsey Washington has been paid a total of \$8,424,891.60⁷ for services rendered under the Title III Support for HTA workstream. McKinsey Washington has received \$256,740.07 for services rendered under the Title III Support for HTA workstream during the Compensation Period.

30. Pursuant to this Amended Seventh Interim Fee Application, McKinsey Washington seeks an interim allowance of \$310,000.00, representing one hundred (100%) percent of its total fees incurred during the Compensation Period, and payment of the outstanding amount of \$31,000.

THE REQUESTED COMPENSATION SHOULD BE ALLOWED

31. Section 331 of the Bankruptcy Code provides for interim compensation of professionals and incorporates the substantive standards of section 330 to govern the Court's award of such compensation. Section 330 of the Bankruptcy Code provides that a court may award a professional "reasonable compensation for actual necessary services rendered ... and reimbursement for actual, necessary expenses." 11 U.S.C. § 330(a)(1). Section 330 sets forth the criteria for the award of such compensation and reimbursement:

In determining the amount of reasonable compensation to be awarded ..., the court should consider the nature, the extent, and the value of such services, taking into account all relevant factors, including-

- (A) the time spent on such services;
- (B) the rates charged for such services;

⁷ The amounts paid are "net" of any amounts withheld for tax purposes or the statutory contribution of 1.5% of McKinsey Washington's professional fees to be deposited in the General Fund.

(C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title;

(D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed;

(E) with respect to a professional person, whether the person is board certified or otherwise has demonstrated skill and experience in the bankruptcy field; and

(F) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title 11 U.S.C. § 330(a)(3).

32. As demonstrated by this Amended Seventh Interim Fee Application and the exhibits attached hereto, the services that McKinsey Washington rendered during the Compensation Period were reasonable, necessary and appropriate. McKinsey Washington expended its time economically and without unnecessary duplication of effort. In addition, the work conducted was carefully assigned to appropriate professionals, according to the experience and level of knowledge required for each particular task. Accordingly, approval of the compensation sought herein is warranted.

CONCLUSION

WHEREFORE, McKinsey Washington respectfully requests that the Court enter an order awarding McKinsey Washington an interim allowance for the Compensation Period in the total amount of \$310,000.00, directing the Debtor to pay McKinsey Washington the outstanding portion

of such interim fees in the amount of \$31,000.00, and granting such other relief as this Court deems just and proper.

Dated: October 21, 2020
Washington, DC

McKinsey & Company, Inc. Washington DC

/s/ Thomas Dohrmann
Thomas Dohrmann, Partner
McKinsey & Company, Inc. Washington DC
1200 19th Street NW Suite 1100
Washington DC 20036
Telephone: (202) 662 0078
Email: Thomas_Dohrmann@mcknsey.com

Strategic Consultant to the Debtor

Certificate of Service

1. Notice of this Amended Seventh Interim Fee Application has been or will be provided by overnight delivery or e-mail to:

- i. attorneys for the Oversight Board, Proskauer Rose LLP, Eleven Times Square, New York, NY 10036, Attn: Martin J. Bienenstock, Esq. (mbienenstock@proskauer.com) and Ehud Barak, Esq. (ebarak@proskauer.com), and Proskauer Rose LLP, 70 West Madison Street, Chicago, IL 60602, Attn: Paul V. Possinger, Esq. (ppossinger@proskauer.com);
- ii. attorneys for the Oversight Board, O'Neill & Borges LLC, 250 Muñoz Rivera Ave., Suite 800, San Juan, PR 00918, Attn: Hermann D. Bauer, Esq. (hermann.bauer@oneillborges.com);
- iii. attorneys for the Puerto Rico Fiscal Agency and Financial Advisory Authority, O'Melveny & Myers LLP, Times Square Tower, 7 Times Square, New York, NY 10036, Attn: John J. Rapisardi, Esq. (jrapisardi@omm.com), Suzanne Uhland, Esq. (suhland@omm.com), and Diana M. Perez, Esq. (dperez@omm.com);
- iv. attorneys for the Puerto Rico Fiscal Agency and Financial Advisory Authority, Marini Pietrantonio Muñoz LLC, MCS Plaza, Suite 500, 255 Ponce de León Ave, San Juan, PR 00917, Attn: Luis C. Marini-Biaggi, Esq. (lmarini@mpmlawpr.com) and Carolina Velaz-Rivero Esq. (cvelaz@mpmlawpr.com);
- v. the Office of the United States Trustee for the District of Puerto Rico, Edificio Ochoa, 500 Tanca Street, Suite 301, San Juan, PR 00901 (re: In re: Commonwealth of Puerto Rico);
- vi. attorneys for the Official Committee of Unsecured Creditors, Paul Hastings LLP, 200 Park Ave., New York, NY 10166, Attn: Luc. A Despins, Esq. (lucdespins@paulhastings.com);
- vii. attorneys for the Official Committee of Unsecured Creditors, Casillas, Santiago & Torres LLC, El Caribe Office Building, 53 Palmeras Street, Ste. 1601, San Juan, PR 00901, Attn: Juan J. Casillas Ayala, Esq. (jcasillas@cstlawpr.com) and Alberto J.E. Añeses Negrón, Esq. (aaneses@cstlawpr.com);
- viii. attorneys for the Official Committee of Retired Employees, Jenner & Block LLP, 919 Third Ave., New York, NY 10022, Attn: Robert Gordon, Esq.

(rgordon@jenner.com) and Richard Levin, Esq. (rlevin@jenner.com), and Jenner & Block LLP, 353 N. Clark Street, Chicago, IL 60654, Attn: Catherine Steege, Esq. (csteege@jenner.com) and Melissa Root, Esq. (mroot@jenner.com);

- ix. attorneys for the Official Committee of Retired Employees, Bennazar, García & Milián, C.S.P., Edificio Union Plaza, PH-A, 416 Ave. Ponce de León, Hato Rey, PR 00918, Attn: A.J. Bennazar-Zequeira, Esq. (ajb@bennazar.org);
- x. the Puerto Rico Department of Treasury, PO Box 9024140, San Juan, PR 00902-4140, Attn: Reylam Guerra Goderich, Deputy Assistant of Central Accounting (Reylam.Guerra@hacienda.pr.gov); Omar E. Rodríguez Pérez, CPA, Assistant Secretary of Central Accounting (Rodriguez.Omar@hacienda.pr.gov); Angel L. Pantoja Rodríguez, Deputy Assistant Secretary of Internal Revenue and Tax Policy (angel.pantoja@hacienda.pr.gov); Francisco Parés Alicea, Assistant Secretary of Internal Revenue and Tax Policy (francisco.pares@hacienda.pr.gov); and Francisco Peña Montañez, CPA, Assistant Secretary of the Treasury (Francisco.Pena@hacienda.pr.gov);
- xi. attorneys for the Fee Examiner, EDGE Legal Strategies, PSC, 252 Ponce de León Avenue, Citibank Tower, 12th Floor, San Juan, PR 00918, Attn: Eyck O. Lugo (elugo@edgelegalpr.com); and
- xii. attorneys for the Fee Examiner, Godfrey & Kahn, S.C., One East Main Street, Suite 500, Madison, WI 53703, Attn: Katherine Stadler (BWilliamson@gklaw.com; KStadler@gklaw.com).

EXHIBIT A

UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO

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In re:

PROMESA

Title III

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

Case No. 17 BK 3567 LTS

PUERTO RICO HIGHWAYS AND
TRANSPORTATION AUTHORITY ("HTA"),

Debtor.

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**CERTIFICATION OF THOMAS DORHMANN IN SUPPORT OF AMENDED SEVENTH
INTERIM FEE APPLICATION OF MCKINSEY & COMPANY, INC. WASHINGTON
D.C. AS CONSULTING SERVICES PROVIDER TO THE FINANCIAL OVERSIGHT
AND MANAGEMENT BOARD FOR PUERTO RICO, AS REPRESENTATIVE OF
DEBTOR, PUERTO RICO HIGHWAYS AND TRANSPORTATION AUTHORITY
("HTA"), FOR THE PERIOD FROM JUNE 1, 2019 THROUGH JUNE 30, 2019**

I, Thomas Dohrmann, certify as follows:

1. I am a Partner in the firm of McKinsey & Company, Inc. Washington DC ("McKinsey Washington"). I submit this certification with respect to the amended seventh interim fee application of McKinsey Washington as consulting services provider in the above-captioned case (the "Amended Seventh Interim Fee Application") for the allowance of compensation for professional services rendered during the relevant application period.
2. I make this certification in accordance with the *Second Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, entered on June 6, 2018 [Docket No. 3269] (the "Interim Compensation Order").
3. In connection therewith, I hereby certify that:
 - (a) I have read the Amended Seventh Interim Fee Application;
 - (b) To the best of my knowledge, information and belief formed after reasonable inquiry, the fees sought in the Amended Seventh Interim Fee Application are in substantial compliance with the Interim Compensation Order and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, adopted on January 30, 1996; and

- (c) The Debtor, the United States Trustee, the Official Committee of Unsecured Creditors and the Official Committee of Retirees of the Debtor have been provided with a copy of the Amended Seventh Interim Fee Application simultaneously with the filing thereof, and will have at least ten (10) days to review such Amended Seventh Interim Fee Application prior to any objection deadline with respect thereto.

Dated: October 21, 2020
Washington, DC

/s/ Thomas Dohrmann

Thomas Dohrmann, Partner
McKinsey & Company, Inc. Washington DC
1200 19th Street NW Suite 1100
Washington DC 20036
Telephone: (202) 662 0078
Email: Thomas_Dohrmann@mckinsey.com

EXHIBIT B

PROPRIETARY and CONFIDENTIAL

CONSULTING AGREEMENT

McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico (the "Board" or the "Client") hereby enter into the following terms effective July 3, 2017 in connection with consulting services that McKinsey provides to Client for Strategic Consulting support related to the Title III Litigation(the "Services").

1. **SERVICES.** The working arrangements, including scope of the Services and Deliverables (as defined below) will be described in each mutually-executed Scope of Work, attached hereto as individual Attachments and incorporated herein, and cannot be materially amended without mutual agreement of the Parties. In order to be able to complete the Services within the agreed timeframe and budget and to fulfill its responsibilities on a timely basis, McKinsey will rely on the Client's timely cooperation, including the Client and the Government of Puerto Rico's making available relevant data, information and personnel, performing any tasks or responsibilities assigned to the Client or the Government of Puerto Rico and notifying McKinsey of any issues or concerns the Client may have relating to the Services. The Client is solely responsible for ensuring that the Government of Puerto Rico cooperates with responding to requests for purposes of the Services. The parties will meet at mutually agreed times to discuss the progress of the Services and to exchange feedback. During the course of the Services, priorities may shift or unexpected events may occur which may necessitate changes to the Services. In this event, the parties will jointly discuss the anticipated impact on the Services and agree on any appropriate adjustments, including to the scope of work, timeframe and budget.

2. **COMPENSATION.** The Client shall compensate McKinsey on a Firm Fixed Price basis in connection with the Services, as set forth in the Attachments. Any payments made by the Board to McKinsey hereunder are expressed net of any deductions or withholdings that may be applicable in respect of taxes, duties or levies and the Client will pay those amounts to McKinsey, in cleared funds. The parties agree that McKinsey is solely responsible for any applicable withholding and payment of taxes with respect to McKinsey Personnel as required by law. Neither party undertakes, pursuant to his Agreement or otherwise, to perform or discharge any liability or obligation of the other party, whether regulatory or contractual, or to assume any responsibility whatsoever for the conduct of the business or operations of the other party. Consistent with the public purpose of the Client's mandate, this Agreement will be made publicly available subject to Section 5 below. McKinsey will invoice the Client for Deliverables in connection with the Services monthly or as otherwise set forth in the applicable Proposal. Except for Services provided under retainer, all invoices are to be paid in accordance with the court order setting procedures for interim compensation and reimbursement of professionals.

3. **CONFIDENTIALITY.** Subject to applicable public disclosure laws and the disclosure procedures established by Client that do not otherwise conflict with terms in this agreement, each Party agrees to keep confidential any confidential information furnished by either Party in connection with the Services ("Confidential Information"); provided, however, that the Client may disclose Confidential Information from McKinsey as necessary or desirable to carry out its statutory duties. The Client agrees to provide McKinsey prior notice of its intent to disclose Confidential Information from McKinsey. Without the Client's explicit consent, McKinsey will disclose Confidential Information only to its employees, agents and contractors who have a need to know and are bound to keep it confidential and will use Confidential Information only for purposes of performing the Services. Confidential Information shall be all information other than information that is (i) or becomes publicly available other than as a result of a breach of this agreement, (ii) already known to the Receiving Party, (iii) independently acquired or developed by the Receiving Party without violating any of its obligations under this agreement, or (iv) is legally required to be disclosed. All documents supplied by the Receiving Party Client in connection with the services hereunder will, upon written request, be returned by the Receiving Party to the Disclosing Party or destroyed, provided that the Receiving Party may retain a copy for archival purposes. In performing the Services, McKinsey will use and rely primarily on the Confidential Information and on information available from public sources without having independently verified the same and does not assume responsibility for the accuracy or completeness of the Confidential Information or such other publicly available information and Section 5 herein.

4. **INTELLECTUAL PROPERTY.** Upon payment in full of McKinsey's Fees associated with the relevant Services, the Client will own all reports, financial models and other deliverables prepared for and furnished to the Client by McKinsey in connection with the Services (the "Deliverables"), save that McKinsey retains ownership of all concepts, know-how, tools, frameworks, models, and industry perspectives developed or enhanced outside of or in connection with the Services (the "McKinsey Tools"), it being understood that none of the McKinsey Tools will contain the Client's

Confidential Information. To the extent the Deliverables include any McKinsey Tools, McKinsey hereby grants the Client a non-exclusive, non-transferable, non-sublicenseable, worldwide, royalty-free license to use and copy the McKinsey Tools solely as part of the Deliverables and subject to the limitations herein on disclosure of McKinsey materials and publicity.

5. DISCLOSURE OF MCKINSEY MATERIALS; PUBLICITY. McKinsey's work for the Client is confidential and for the Client's internal use only; provided, however, the Client may disclose such work to the extent such disclosure is necessary or desirable to carrying out the Client's statutory duties. The Client agrees that it will not disclose McKinsey's name in relation to any disclosure of work hereunder without McKinsey's consent. McKinsey will not disclose the Deliverables to any third parties (including any non-voting Board members) without the Client's prior written permission. McKinsey further agrees not to use the Client's name in any communication with any third party without the other party's prior written permission, including in press releases or other public announcements. If the Client receives a public records request for Deliverables or other documents containing McKinsey information, the Client will allow McKinsey the ability to review the documents prior to disclosure to advise if the documents contain information subject to an exception or exemption to the relevant public records law.

6. SERVING COMPETITORS. It is McKinsey's long-standing policy to serve competing clients and clients with potentially conflicting interests as well as counter-parties in merger, acquisition and alliance opportunities, and to do so without compromising McKinsey's professional responsibility to maintain the confidentiality of client information. Consistent with such practice and McKinsey's confidentiality obligations to its other clients, McKinsey is not able to advise or consult with the Client about McKinsey's serving the Client's competitors or other parties. To avoid situations of potential conflict, McKinsey will not, for a period of one year following an engagement for the Client, assign any consultant who receives Confidential Information in connection with such engagement to a competitively sensitive project, including a directly-conflicting engagement with the Government of Puerto Rico. Notwithstanding the foregoing, the Client understands and agrees that so long as McKinsey has appropriate procedures in place to mitigate any potential conflict, it may serve the Government of Puerto Rico on related matters.

7. INDEMNIFICATION.

(a) Deliverables produced hereunder are not intended as a substitute for financial, investment, legal, accounting or other professional advice, and McKinsey does not intend to supplant the Client or the Government of Puerto Rico's management or other decision-making bodies.

(b) The Client and the Government of Puerto Rico remain solely responsible for its decisions, actions, use of the Deliverables and compliance with applicable laws, rules and regulations. McKinsey agrees to indemnify and hold the Client harmless from and against all loss, liability, damage, cost, or expense (including reasonable attorney fees) ("Losses") to the extent those Losses are determined by a final, non-appealable order or arbitral award to have resulted from McKinsey's gross negligence or willful misconduct in the performance of the Services.

(c) The Client agrees to indemnify and hold McKinsey harmless from any Losses (including the costs of McKinsey's professional time) relating to the Services (including any Losses asserted by the Client, its agents or representatives, or third parties and any Losses sustained by McKinsey when participating in any legal, regulatory, or administrative proceeding relating to the Services), except to the extent those Losses are determined by a final, non-appealable order or arbitral award to have resulted from McKinsey's gross negligence or willful misconduct in the performance of the Services.

(d) The Client further indemnifies McKinsey, including any member, officer or employee thereof including but not limited to the Revitalization Coordination role, in any instance where it is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, against judgments, fines, amounts paid in settlement and expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with such action, suit or proceeding, unless it acted with bad faith or engaged in intentional misconduct and, with respect to any criminal action or proceeding, unless it knew or should have known the conduct was unlawful. The termination of any act, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that McKinsey (or any of its members, officers or employees) did not satisfy these standards.

Neither party will be liable for any lost profits or other indirect, consequential, incidental, punitive or special damages. In no event shall McKinsey's liability to the Client in connection with the Services relating to an engagement for the Client exceed the amount paid to McKinsey by the Client in connection with such engagement.

8. AUTHORITY OF THE BOARD. The Client represents and warrants it has the authority to enter into this Agreement for the Services. In the event that it is determined that the Client did not have authority to authorize all or part of this agreement, McKinsey may make the sole determination as to whether to terminate the Agreement according to Section 10 herein, or continue with those parts of the Services for which the Client does have authority. The Client agrees to indemnify and hold McKinsey harmless from any Losses (including the costs of McKinsey's professional time) resulting from a breach of this Section 8 and/or a misrepresentation by the Client of authority to act (including any Losses asserted by the Client, its agents or representatives, or third parties and any Losses sustained by McKinsey when participating in any legal, regulatory, or administrative proceeding relating to the Services).

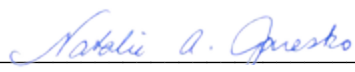
9. CONFLICTS OF INTEREST. The Client agrees that performance of Services hereunder shall not conflict McKinsey from serving the Government of Puerto Rico or any stakeholders to the work, subject to the restrictions in Section 6 – "Serving Competitors."

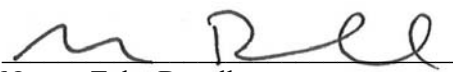
10. TERM AND TERMINATION. This agreement takes effect on the date the Services commenced and shall continue until terminated in accordance with its terms. Either party may terminate the Services at any time effective upon 30 days written notice to the other. In the event of any termination, the Client will pay McKinsey for the work completed up to the effective date of termination.

11. MISCELLANEOUS. This agreement and the Proposals constitute the entire agreement between the parties, and there are no prior or contemporaneous oral or written representations, understandings or agreements relating to this subject matter that are not fully expressed herein or therein. This agreement and the Proposals shall be governed by and construed in accordance with the laws of the State of New York without regard to conflicts of law principles and shall inure to the benefit of and be binding on the successors and assigns of the Client and McKinsey. The following Sections shall survive the completion or any termination of the Services: 3 (Confidentiality), 4 (Intellectual Property), 5 (Disclosure of McKinsey Materials; Publicity), 6 (Serving Competitors), 7 (Indemnification), 8 (Term and Termination) and 9 (Miscellaneous) and any other provision which by law or by its nature should survive. Neither party may assign its rights or obligations under this agreement to any person or entity without the written consent of the other party, not to be unreasonably withheld, provided, however, that either party may assign its rights and obligations under this agreement to its affiliates upon reasonable written notice to the other party but without the written consent of the other party. Assignment shall not relieve either party of its obligations hereunder. McKinsey is an independent contractor and not the Client's agent or fiduciary. Notwithstanding any course of dealings of the parties at any time or any statement to the contrary contained therein, no purchase order, invoice or other similar document issued by a party shall be construed to modify the terms of this agreement. Rights and remedies provided in this agreement are cumulative and not exclusive of any right or remedy provided at law or in equity.

The Financial Oversight and Management Board for Puerto Rico
(Client)

McKinsey & Company, Inc., Washington D.C.


Name: Natalie A. Jaresko
Title: Executive Director
Date: Sept. 12, 2017


Name: Tyler Duvall
Title: Partner
Date: September 8, 2017

ATTACHMENT 1
Scope of Work
For
Commonwealth Title III Support

Services:

In regards to support for the Commonwealth Title III proceedings to the Board to include:

Activities:

- Participation in and coordination of cross advisor meetings (Board, Commonwealth and/or Stakeholders) regarding Title III related matters
- Preparation of materials necessary for supporting Fiscal Plan litigation, which could include:
 - Assemble fact base regarding process for creation, stress testing and certification of the fiscal plan
 - Assemble fact base regarding additional analyses created for the FOMB with respect to evaluating/stress testing the FY18 fiscal plan
 - Collect and summarize key input sources and supporting analysis for key fiscal plan assumptions
 - Assemble fact base regarding process and supporting analysis used to identify and evaluate key measures proposed and finally included in the fiscal plan
 - Prepare and/or evaluate alternative fiscal plan scenario analyses in support of requested alternative contexts
 - Prepare analyses in support of litigation activities
- As needed, ad-hoc analyses and/or responses to questions regarding litigation or potential litigation relating to the Fiscal Plan or other Commonwealth Title III matters
- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
 - Provide expert testimony (at most 2 per quarter)
 - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
 - Provide support at related stakeholder interactions, which may include presentations

Deliverable:

- Monthly report regarding liquidity performance and strategic choices on liquidity related to Title III proceedings and/or ad hoc analysis performed within that month.

Support Structure and Cost:

- The cost for this work will be \$740,000 per month and will continue so long as the Commonwealth Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support this contract will be amended to reflect any required support.

Payment Schedule

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25th day of each calendar month.

ATTACHMENT 2
Scope of Work
for
Title III Support for PREPA

Services:

In regards to work specifically supporting the Title III proceedings for the Board with relation to PREPA, McKinsey will support the Board in the following ways:

1. Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for PREPA

Activities:

The core activities include working directly with the Board, the Executive Director and Board Staff in the following areas (as well as ad hoc and as needed support):

- Establishment of the PREPA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead PREPA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with PREPA, AAFAF and its experts and advisors
- Develop transformation plan for PREPA for Title III which includes but is not limited to:
 - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
 - Debt restructuring terms and plans, agreed with creditors to the extent possible
 - Detailed privatization/corporatization plans supported by financial models and market engagement
 - Detailed action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
 - Governance and management plans that will enable delivery of actions
 - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
 - Macro-resource planning when required (e.g. updated IRP for PREPA)
 - Clear assessments of economic and social impacts on the people of Puerto Rico
 - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board PREPA subcommittee to provide updates and take guidance on PREPA transformation and Title III
- Monitor implementation of all aspects of the PREPA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

- Conduct limited market engagement as necessary to identify potential privatization options for PREPA
- Lead development of an integrated resource plan for PREPA to support the Transformation Plan in coordination with PREC and PREPA
- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
 - Provide expert testimony (at most 2 per quarter)
 - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
 - Provide support at related stakeholder interactions, which may include presentations

Deliverables:

A monthly report describing progress against transformation objectives, as well as specific supporting analyses, including:

- Detailed action plans, including e.g. structural solutions, governance, likely economic impacts and operational stabilization
- Synopsis of market perspectives related to different potential options
- Integrated resource plan

Support Structure and Cost:

- The cost for this work will be \$740,000 per month and will continue so long as the Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support this contract will be amended to reflect any required support.

Payment Schedule

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25th day of each calendar month.

ATTACHMENT 2
Scope of Work
for
Title III Support for HTA

Services:

In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:

Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA

Activities:

The core activities include working directly with the Board, the Executive Director and Board Staff in the following areas (as well as ad hoc and as needed support):

- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III which includes but is not limited to:
 - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
 - Debt restructuring terms and plans, agreed with creditors to the extent possible
 - Detailed privatization/corporatization plans supported by financial models and market engagement
 - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
 - Governance and management plans that will enable delivery of actions
 - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
 - Macro-resource planning when required
 - Clear assessments of economic and social impacts on the people of Puerto Rico
 - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance
- Support litigation related to the HTA proceedings, which has commenced

- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
 - Provide expert testimony (at most 2 per quarter)
 - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
 - Provide support at related stakeholder interactions, which may include presentations

Deliverables:

A monthly report describing progress against transformation objectives, as well as specific supporting analyses, including:

- Detailed action plans, including e.g. structural solutions, governance, likely economic impacts and operational stabilization
- Synopsis of market perspectives related to different potential options
- Integrated resource plan

Support Structure and Cost:

- The cost for this work will be \$720,000 per month and will continue so long as the HTA Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support, this contract will be amended to reflect any required support.

Payment Schedule

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25th day of each calendar month.

**FIRST AMENDMENT TO CONSULTING AGREEMENT
BETWEEN MCKINSEY & COMPANY, INC. WASHINGTON DC AND
THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO
FOR STRATEGIC CONSULTING SUPPORT RE COMMONWEALTH TITLE III SUPPORT**

THIS FIRST AMENDMENT to the Consulting Agreement (the "First Amendment") effective date of November 1, 2017 is entered into by and between McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico (the "Board" or the "Client") (together, the "Parties").

WHEREAS, on or about July 3, 2017, McKinsey and the Board entered into a Consulting Agreement (the "Consulting Agreement") for strategic consulting support related to Commonwealth Title III Support (the "Services"); and

WHEREAS, following Hurricanes Maria and Irma, the Parties wish to expand the scope of services under the Consulting Agreement to support the Board's in connection with the required re-construction of the fiscal plan post-Hurricane; and

WHEREAS, the Parties now desire to amend the Consulting Agreement to reflect the new understanding between the Parties as set forth below;

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties hereto agree as follows:

1. SERVICES.

"Attachment 1 Scope of Work for Commonwealth Title III Support" of the Consulting Agreement is hereby replaced in its entirety with the "Amended Attachment 1 Scope of Work for Commonwealth Title III Support", attached hereto; and "Attachment 3 Scope of Work for Title III Support for HTA" of the Consulting Agreement is hereby replaced in its entirety with the "Amended Attachment 3 Scope of Work for Title III Support for HTA", attached hereto. For the avoidance of confusion, "Attachment 2 Scope of Work for Title III Support for PREPA" of the Consulting Agreement shall remain unchanged. If additional activities and/or deliverables are required outside of those described herein, the Parties will negotiate a further amendment to reflect that support.

11. MISCELLANEOUS.

This First Amendment, when executed by the Parties, shall be effective as of the date stated above. All understandings and agreements heretofore had between McKinsey and the Board with respect to the Services are merged into, or superseded by, this First Amendment. This First Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. Except as amended and/or modified by this First Amendment, all other terms of the Consulting Agreement shall remain in full force and effect, unaltered and unchanged by this First Amendment.

IN WITNESS WHEREOF, the parties have executed this First Amendment, effective as of the date indicated above.


**The Financial Oversight and Management Board
For Puerto Rico**


Name: Natalie A. Jaresko

Title: Executive Director

Date:

McKinsey & Company, Inc., Washington D.C.


Name: Tyler Duvall

Title: Principal

Date: March 8, 2018

AMENDED ATTACHMENT 1
Scope of Work For Commonwealth Title III Support

PERIOD OF PERFORMANCE:

November 1, 2017 – March 31, 2018

SCOPE:

Support for the Commonwealth Title III proceedings to the Board to include the following:

I. Measure:

- Revising fiscal measures contained in the March 13th Certified Fiscal Plan to reflect both magnitude of impact and feasibility of implementation post-hurricanes
- Developing new and augmented measures (e.g., agency-specific right-sizing measures) to achieve structural balance in post-hurricanes fiscal projections, including savings attributable to workflow reduction and demographic shifts
- Liaising with Government to incorporate updated data (e.g., healthcare population assumptions) and other inputs relevant to fiscal reform revisions
- Providing perspective on implementation planning and necessary support required for high-priority measures
- Coordinating weekly problem solving with FOMB staff, FOMB leadership and Board members, as needed
- Preparing documents and other support for listening session dedicated to measures redevelopment
- Providing Independent Board perspective of potential revised fiscal reforms, including measure-specific targets and initiatives to capture fiscal value
- Preparing presentations and documents for public listening sessions, creditor sessions and other stakeholder engagement on fiscal measures
- Providing support models and documentation for sizing of specific levers

II. Baseline and Macro:

- Reviewing full certified March 13th Fiscal Plan revenue and expenditure build (business-as-usual baseline) to identify major areas of impact post-Hurricane (e.g., based on population changes / movements, infrastructure impacted, etc.)
- Working with Board demographers and macroeconomists to triangulate major macroeconomic, rev/exp build assumptions across top-down and bottom-up data sources (incl., reports, real-time data, expert interviews) to identify new figures to represent major factors / assumptions
- Ensuring any new assumptions are incorporated within the comprehensive fiscal model
- Preparing documents and other support for listening session dedicated to macroeconomic, rev/exp build assumptions
- Providing Independent Board perspective on updated fiscal plan baseline in post-Maria context
- Preparing presentations and documents for public listening sessions, creditor sessions and other stakeholder engagement on fiscal measures
- Providing support models and documentation for new baseline

III. Advisor, Stakeholder, Litigation Support and Fiscal Plan Model:

- Prepare content, participate in, coordinate and lead cross advisor meetings and support stakeholder interactions
- Prepare content, participate in and advise the FOMB with respect to mediation sessions and Board meetings
- Continue development and refinement overall fiscal plan model working with Board staff, the Board and the Government
- Perform scenario analyses as requested by FOMB to assess impact of Hurricane Irma/Maria to Fiscal Plan

- Lead coordination with government advisors and government representatives on development, review and FOMB certification of any revised/new fiscal plan(s) and/or supporting materials
- Ad-hoc analyses and/or responses to questions regarding litigation and potential litigation related to Fiscal Plan and CW Title III
- Where required, provide expert testimony on the Fiscal Plan (2 per quarter) as well as analytical support for such expert testimony.

FEEES AND INVOICING:

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
November 2017	\$2,220,000
December 2017	\$1,650,000*
January 2018	\$1,940,000
February 2018	\$1,940,000
March 2018	\$1,940,000

* McKinsey's monthly fixed fee for December 2017 has been prorated to reflect a shorter working month in light of the holidays and office closure.

McKinsey will submit invoices (Monthly Fee Statement) on a monthly basis, on or before the 25th day of each calendar month following the month during which the services were performed.

AMENDED ATTACHMENT 3
Scope of Work For Title III Support for HTA

PERIOD OF PERFORMANCE:

November 1, 2017 – March 31, 2018

SCOPE:

In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:

- Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA
- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III to include:
 - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
 - Debt restructuring terms and plans, agreed with creditors to the extent possible
 - Detailed privatization/corporatization plans supported by financial models and market engagement
 - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
 - Governance and management plans that will enable delivery of actions
 - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
 - Macro-resource planning when required
 - Clear assessments of economic and social impacts on the people of Puerto Rico
 - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

FEES AND INVOICING:

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
October 2017	\$0*
November 2017	\$300,000**

December 2017	\$300,000**
January 2018	\$425,000
February 2018	\$425,000
March 2018	\$425,000

McKinsey will submit invoices monthly, on or before the 25th day of each calendar month following the month during which the services were performed.

*Due to the slow ramp up of work related to HTA post-Hurricane, McKinsey did not perform significant HTA-related work in October (under Attachment 3 Scope of Work for Title III Support for HTA of the Consulting Agreement) and has agreed to invoice \$0 for that month.

** For November and December, McKinsey performed two (2) weeks of work per month, and has agreed to invoice \$300,000 for each month (based on McKinsey's standard \$150,000/week team bundle rate).



**SECOND AMENDMENT TO CONSULTING AGREEMENT
BETWEEN MCKINSEY & COMPANY, INC. WASHINGTON DC
AND THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO
FOR STRATEGIC CONSULTING SUPPORT RE COMMONWEALTH TITLE III SUPPORT**

THIS SECOND AMENDMENT to the Consulting Agreement (the "Second Amendment") effective date of April 1, 2018, is entered into by and between McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico (the "Board" or the "Client") (together, the "Parties").

WHEREAS, on or about July 3, 2017, McKinsey and the Board entered into a Consulting Agreement (the "Consulting Agreement") for strategic consulting support related to Commonwealth Title III Support (the "Services"); and

WHEREAS, effective November 1, 2017, the Parties amended the Consulting Agreement to expand the scope of services to support the Board in connection with the required re-construction of the fiscal plan post-Hurricane (the "First Amendment"); and

WHEREAS, the Parties now desire to make additional amendments the Consulting Agreement to extend its duration and make modifications to the scope of services, as set forth below; and

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties hereto agree as follows:

1. SERVICES.

For both "Commonwealth Title III Support" and "Title III Support for HTA", the period of performance shall be extended through June 30, 2019. For this period of performance, the scope of services for "Commonwealth Title III Support" is reflected in the "Second Amended Attachment 1 Scope of Work for Commonwealth Title III Support", attached hereto; and the scope of services for "Title III Support for HTA" is reflected in the "Second Amended Attachment 3 Scope of Work for Title III Support for HTA", attached hereto. For the avoidance of confusion, "Title III Support for PREPA", as memorialized in the Consulting Agreement, shall remain unchanged. If additional services, activities and/or deliverables are required outside of those described herein, the Parties will negotiate a further amendment to reflect that support.

11. MISCELLANEOUS.

This Second Amendment, when executed by the Parties, shall be effective as of the date stated above. All understandings and agreements heretofore had between McKinsey and the Board with respect to the Services are merged into, or superseded by, this Second Amendment. This Second Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. Except as amended and/or modified by this Second Amendment, all other terms of the Consulting Agreement and First Amendment shall remain in full force and effect, unaltered and unchanged by this Second Amendment.

IN WITNESS WHEREOF, the parties have executed this Second Amendment, effective as of the date indicated above.

**The Financial Oversight and Management Board
For Puerto Rico**



Name: Natalie A. Jaresko

Title: Executive Director

McKinsey & Company, Inc., Washington D.C.



Name: Tyler Duvall

Title: Partner

SECOND AMENDED ATTACHMENT 3
Scope of Work for Title III Support for HTA

PERIOD OF PERFORMANCE AND SCOPE:

For **April 2018**, the scope of work shall be as described in the November 2017 Amended Attachment 1 Scope of Work for Title III Support for HTA.

From **May 2018 – June 2019**, the scope of work shall be as follows:

In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:

- Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA
- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III to include:
 - Operational efficiency measures focused on near and immediate term actions to maintain sustainable operations
 - Capex program priorities and efficiency measures
 - Opportunities to increase revenues
 - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
 - Governance and management plans that will enable delivery of actions
 - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure and implementation plans
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

FEES AND INVOICING:

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
April 2018	\$425,000
May 2018 – June 2019	\$310,000/month

McKinsey will submit invoices monthly, on or before the 25th day of each calendar month following the month during which the services were performed.

SECOND AMENDED ATTACHMENT 1
Scope of Work for Commonwealth Title III Support

PERIOD OF PERFORMANCE AND SCOPE:

For **April 2018**, the scope of work shall be as described in the November 2017 Amended Attachment 1 Scope of Work for Commonwealth Title III Support.

From **May 2018 – June 2019**, the scope of work shall be as follows:

Support for the Commonwealth Title III proceedings to the Board to include the following:

Advisor, Stakeholder, Litigation Support and Fiscal Plan Model:

- Prepare content, participate in, coordinate and lead cross advisor meetings and support stakeholder interactions
- Prepare content, participate in and advise the FOMB with respect to mediation sessions and Board meeting
- Prepare content and analyses and work alongside FOMB, government and stakeholders advisors with regards to development of Plan(s) of Adjustment
- Lead preparation of “best interests” analysis in coordination with other FOMB advisors
- Lead any further development, refinement or updates to fiscal plan and/or models working with Board staff, the Board and the Government
- Lead coordination with government advisors and government representatives on development, review and FOMB certification of any revised/new fiscal plan(s) and/or supporting materials
- Perform scenario analyses as requested by FOMB to assess impact of Hurricane Irma/Maria to Fiscal Plan
- Prepare analyses, support FOMB counsel and lead coordination of information diligence related to potential litigation involving the certified Fiscal Plan and/or other CW Title III matters
- Where required, provide expert testimony on the Fiscal Plan (2 per quarter) as well as analytical support for such expert testimony. If additional expert testimony is required, the Parties will negotiate additional fees.

FEES AND INVOICING:

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
April 2018	\$1,940,000
May 2018 – June 2019	\$1,417,500/month

McKinsey will submit invoices (Monthly Fee Statement) on a monthly basis, on or before the 25th day of each calendar month following the month during which the services were performed.

EXHIBIT C

UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO

-----X
In re:

PROMESA
Title III

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

Case No. 17 BK 3567-LTS

PUERTO RICO HIGHWAYS AND
TRANSPORTATION AUTHORITY ("HTA"),

Debtors.¹
-----X

**EIGHTEENTH MONTHLY FEE STATEMENT OF MCKINSEY & COMPANY, INC.
WASHINGTON D.C. FOR COMPENSATION FOR SERVICES RENDERED TO THE
FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO, AS
REPRESENTATIVE OF DEBTOR, PUERTO RICO HIGHWAYS AND
TRANSPORTATION AUTHORITY ("HTA")
FOR THE PERIOD JUNE 1, 2019 THROUGH JUNE 30, 2019**

Name of Professional:	McKinsey & Company, Inc. Washington D.C. ("McKinsey Washington")
Authorized to Provide Services to:	The Financial Oversight and Management Board for Puerto Rico, as Representative of the Debtors <u>Pursuant to PROMESA Section 315(b)</u>
Period for which compensation and reimbursement is sought:	<u>June 1, 2019 - June 30, 2019</u>
Amount of compensation sought as actual, reasonable and necessary:	<u>\$310,000.00</u>
Amount of expense reimbursement sought sought as actual, reasonable and necessary ² :	<u>\$0.00</u>
Type of Fee Statement:	Eighteenth Monthly Fee Statement: <u>Title III Support for HTA</u> ³

¹ The last four (4) digits of HTA's federal tax identification number are 3808.

² McKinsey Washington provides services on a fixed fee basis, and as such, seeks no reimbursement of expenses.

³ Notice of this Eighteenth Monthly Fee Statement (as defined herein) has been served in accordance with the Interim Compensation Order (as defined herein) and objections to payment of the amounts described in this Monthly Fee Statement shall be addressed in accordance with the Interim Compensation Order.

1. Pursuant to the *Interim Compensation Procedures*, first entered by the Court on November 8, 2017 [*First Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, Docket Number 1715] and amended on June 6, 2018 [*Second Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, Docket Number 3269] (the “Interim Compensation Procedures”), the applicable provisions of the United States Code (the “Bankruptcy Code”), the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and the Local Bankruptcy Rules for the United States Bankruptcy Court for the District of Puerto Rico (the “Local Rules”), McKinsey & Company, Inc. Washington DC (“McKinsey Washington”), strategic consultants to The Financial Oversight And Management Board For Puerto Rico as representative Of Debtor, Puerto Rico Highways And Transportation Authority (“HTA”, “Debtors” or the “Board”), hereby serves this Eighteenth Monthly Fee Statement for the allowance of compensation for reasonable and necessary strategic consulting services and support that McKinsey Washington provided during the month of June 2019 (the “Fee Period”) pursuant to the “Title III Support for HTA” Scope of Work (“HTA Scope of Work”) of the consulting agreement entered into between McKinsey Washington and the Board on or about and July 3, 2017 for consulting services in support of the Title III litigation, as amended effective January 1, 2017 (the “Consulting Agreement”) and attached hereto as Exhibit A. Pursuant to the Interim Compensation Procedures, a Certification of Thomas Dohrmann, a Senior Partner of McKinsey Washington, regarding compliance with the statutory and legal authority cited above is attached hereto as Exhibit B, and a Certification of Natalie Jaresko, Executive Director of the Board, authorizing the submission of this Eighteenth Monthly Fee Statement, is attached as Exhibit C.

2. By this Eighteenth Monthly Fee Statement: Title III Support for HTA, McKinsey Washington seeks allowance of compensation for services rendered under the Consulting Agreement during the Fee Period in the amount of \$279,000.00 (which equals 90% of the compensation sought herein, in accordance with Section 2.c of the Interim Compensation Order).

Summary of Services Rendered During the Fee Period

3. During the Fee Period, McKinsey Washington provided a focused range of professional services as requested by the Board and reflected in the HTA Scope of Work.⁴
4. Included at Exhibit D is a detailed summary of McKinsey Washington's scope of services, deliverables and team member activities performed pursuant to the HTA Scope of Work during the Fee Period.
5. Included at Exhibit E is a copy of McKinsey Washington's monthly invoice⁵ for fees incurred during the Fee Period pursuant to the HTA Scope of Work. As reflected in Exhibit E, McKinsey Washington incurred \$310,000.00 in fees during the Fee Period, and now seeks reimbursement for 90% of such fees (\$279,000.00).
6. The efforts expended by McKinsey Washington during the Fee Period have been commensurate with the size and complexity of these cases. In rendering these services, McKinsey Washington has made every effort to maximize the benefit to the Debtors, to work efficiently with the other professionals employed in these cases, and to leverage staff appropriately in order to minimize duplication of effort.

⁴ McKinsey Washington is simultaneously serving separate monthly fee statements for services rendered pursuant to the other two (2) Scopes of Work under the Consulting Agreement.

⁵ The invoice included at Exhibit E reflects Puerto Rico withholding tax (29%). McKinsey Washington has calculated the proportion of work performed in Puerto Rico in a manner that is consistent with the terms of the Consulting Agreement.

7. McKinsey Washington respectfully submits that the amounts applied for herein for professional services rendered on behalf of the Board in these cases to date are fair and reasonable given: (a) the time expended; (b) the nature and extent of the services performed at the time at which such services were rendered; and (c) the value of such services.

Representations

8. While every effort has been made to include all fees incurred by McKinsey Washington during the Fee Period, some fees may not be included in this Eighteenth Monthly Fee Statement: Title III Support HTA due to certain unavoidable delays caused by accounting and processing during the Fee Period. McKinsey Washington reserves the right to make further application(s) for allowance of such fees not included herein. Subsequent fee statements and applications will be filed in accordance with the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and the Interim Compensation Procedures.

Notice

9. Notice of this Eighteenth Monthly Fee Statement: Title III Support for HTA has been or will be provided by overnight delivery or e-mail to:
- i. attorneys for the Oversight Board, Proskauer Rose LLP, Eleven Times Square, New York, NY 10036, Attn: Martin J. Bienenstock, Esq. (mbienenstock@proskauer.com) and Ehud Barak, Esq. (ebarak@proskauer.com), and Proskauer Rose LLP, 70 West Madison Street, Chicago, IL 60602, Attn: Paul V. Possinger, Esq. (ppossinger@proskauer.com);
 - ii. attorneys for the Oversight Board, O'Neill & Borges LLC, 250 Muñoz Rivera Ave., Suite 800, San Juan, PR 00918, Attn: Hermann D. Bauer, Esq. (hermann.bauer@oneillborges.com);
 - iii. attorneys for the Puerto Rico Fiscal Agency and Financial Advisory Authority, O'Melveny & Myers LLP, Times Square Tower, 7 Times Square, New York, NY 10036, Attn: John J. Rapisardi, Esq. (jrapisardi@omm.com), Suzanne Uhland, Esq. (suhland@omm.com), and Diana M. Perez, Esq. (dperez@omm.com);

- iv. attorneys for the Puerto Rico Fiscal Agency and Financial Advisory Authority, Marini Pietrantonio Muñiz LLC, MCS Plaza, Suite 500, 255 Ponce de León Ave, San Juan, PR 00917, Attn: Luis C. Marini-Biaggi, Esq. (lmarini@mpmlawpr.com) and Carolina Velaz-Rivero Esq. (cvelaz@mpmlawpr.com);
- v. the Office of the United States Trustee for the District of Puerto Rico, Edificio Ochoa, 500 Tanca Street, Suite 301, San Juan, PR 00901 (re: In re: Commonwealth of Puerto Rico);
- vi. attorneys for the Official Committee of Unsecured Creditors, Paul Hastings LLP, 200 Park Ave., New York, NY 10166, Attn: Luc. A Despina, Esq. (lucdespins@paulhastings.com);
- vii. attorneys for the Official Committee of Unsecured Creditors, Casillas, Santiago & Torres LLC, El Caribe Office Building, 53 Palmeras Street, Ste. 1601, San Juan, PR 00901, Attn: Juan J. Casillas Ayala, Esq. (jcasillas@csllawpr.com) and Alberto J.E. Añeses Negrón, Esq. (aaneses@csllawpr.com);
- viii. attorneys for the Official Committee of Retired Employees, Jenner & Block LLP, 919 Third Ave., New York, NY 10022, Attn: Robert Gordon, Esq. (rgordon@jenner.com) and Richard Levin, Esq. (rlevin@jenner.com), and Jenner & Block LLP, 353 N. Clark Street, Chicago, IL 60654, Attn: Catherine Steege, Esq. (csteeg@jenner.com) and Melissa Root, Esq. (mroot@jenner.com);
- ix. attorneys for the Official Committee of Retired Employees, Bennazar, García & Milián, C.S.P., Edificio Union Plaza, PH-A, 416 Ave. Ponce de León, Hato Rey, PR 00918, Attn: A.J. Bennazar-Zequiera, Esq. (ajb@bennazar.org);
- x. the Puerto Rico Department of Treasury, PO Box 9024140, San Juan, PR 00902-4140, Attn: Reylam Guerra Goderich, Deputy Assistant of Central Accounting (Reylam.Guerra@hacienda.pr.gov); Omar E. Rodríguez Pérez, CPA, Assistant Secretary of Central Accounting (Rodriguez.Omar@hacienda.pr.gov); Angel L. Pantoja Rodríguez, Deputy Assistant Secretary of Internal Revenue and Tax Policy (angel.pantoja@hacienda.pr.gov); Francisco Parés Alicea, Assistant Secretary of Internal Revenue and Tax Policy (francisco.pares@hacienda.pr.gov); and Francisco Peña Montañez, CPA, Assistant Secretary of the Treasury (Francisco.pena@hacienda.pr.gov);
- xi. attorneys for the Fee Examiner, EDGE Legal Strategies, PSC, 252 Ponce de León Avenue, Citibank Tower, 12th Floor, San Juan, PR 00918, Attn: Eyck O. Lugo (elugo@edgelegalpr.com); and

- xii. attorneys for the Fee Examiner, Godfrey & Kahn, S.C., One East Main Street, Suite 500, Madison, WI 53703, Attn: Katherine Stadler (KStadler@gklaw.com).

WHEREFORE, McKinsey Washington respectfully requests payment by the Debtors of \$279,000.00 representing 90% of its fees incurred during the Fee Period and requested herein.

Dated: September 5, 2019
McKinsey & Company, Inc. Washington DC
Washington DC

s/Thomas Dohrmann
Thomas Dohrmann
Senior Partner
McKinsey & Company, Inc. Washington DC
1200 19th St NW #1000
Washington, DC 20036
Telephone: (202) 662-3100
Email: Thomas_Dohrmann@McKinsey.com
Strategic Consultant to the Debtors

EXHIBIT A

Consulting Agreement

PROPRIETARY and CONFIDENTIAL

CONSULTING AGREEMENT

McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico (the "Board" or the "Client") hereby enter into the following terms effective July 3, 2017 in connection with consulting services that McKinsey provides to Client for Strategic Consulting support related to the Title III Litigation(the "Services").

1. **SERVICES.** The working arrangements, including scope of the Services and Deliverables (as defined below) will be described in each mutually-executed Scope of Work, attached hereto as individual Attachments and incorporated herein, and cannot be materially amended without mutual agreement of the Parties. In order to be able to complete the Services within the agreed timeframe and budget and to fulfill its responsibilities on a timely basis, McKinsey will rely on the Client's timely cooperation, including the Client and the Government of Puerto Rico's making available relevant data, information and personnel, performing any tasks or responsibilities assigned to the Client or the Government of Puerto Rico and notifying McKinsey of any issues or concerns the Client may have relating to the Services. The Client is solely responsible for ensuring that the Government of Puerto Rico cooperates with responding to requests for purposes of the Services. The parties will meet at mutually agreed times to discuss the progress of the Services and to exchange feedback. During the course of the Services, priorities may shift or unexpected events may occur which may necessitate changes to the Services. In this event, the parties will jointly discuss the anticipated impact on the Services and agree on any appropriate adjustments, including to the scope of work, timeframe and budget.

2. **COMPENSATION.** The Client shall compensate McKinsey on a Firm Fixed Price basis in connection with the Services, as set forth in the Attachments. Any payments made by the Board to McKinsey hereunder are expressed net of any deductions or withholdings that may be applicable in respect of taxes, duties or levies and the Client will pay those amounts to McKinsey, in cleared funds. The parties agree that McKinsey is solely responsible for any applicable withholding and payment of taxes with respect to McKinsey Personnel as required by law. Neither party undertakes, pursuant to his Agreement or otherwise, to perform or discharge any liability or obligation of the other party, whether regulatory or contractual, or to assume any responsibility whatsoever for the conduct of the business or operations of the other party. Consistent with the public purpose of the Client's mandate, this Agreement will be made publicly available subject to Section 5 below. McKinsey will invoice the Client for Deliverables in connection with the Services monthly or as otherwise set forth in the applicable Proposal. Except for Services provided under retainer, all invoices are to be paid in accordance with the court order setting procedures for interim compensation and reimbursement of professionals.

3. **CONFIDENTIALITY.** Subject to applicable public disclosure laws and the disclosure procedures established by Client that do not otherwise conflict with terms in this agreement, each Party agrees to keep confidential any confidential information furnished by either Party in connection with the Services ("Confidential Information"); provided, however, that the Client may disclose Confidential Information from McKinsey as necessary or desirable to carry out its statutory duties. The Client agrees to provide McKinsey prior notice of its intent to disclose Confidential Information from McKinsey. Without the Client's explicit consent, McKinsey will disclose Confidential Information only to its employees, agents and contractors who have a need to know and are bound to keep it confidential and will use Confidential Information only for purposes of performing the Services. Confidential Information shall be all information other than information that is (i) or becomes publicly available other than as a result of a breach of this agreement, (ii) already known to the Receiving Party, (iii) independently acquired or developed by the Receiving Party without violating any of its obligations under this agreement, or (iv) is legally required to be disclosed. All documents supplied by the Receiving Party Client in connection with the services hereunder will, upon written request, be returned by the Receiving Party to the Disclosing Party or destroyed, provided that the Receiving Party may retain a copy for archival purposes. In performing the Services, McKinsey will use and rely primarily on the Confidential Information and on information available from public sources without having independently verified the same and does not assume responsibility for the accuracy or completeness of the Confidential Information or such other publicly available information and Section 5 herein.

4. **INTELLECTUAL PROPERTY.** Upon payment in full of McKinsey's Fees associated with the relevant Services, the Client will own all reports, financial models and other deliverables prepared for and furnished to the Client by McKinsey in connection with the Services (the "Deliverables"), save that McKinsey retains ownership of all concepts, know-how, tools, frameworks, models, and industry perspectives developed or enhanced outside of or in connection with the Services (the "McKinsey Tools"), it being understood that none of the McKinsey Tools will contain the Client's

Confidential Information. To the extent the Deliverables include any McKinsey Tools, McKinsey hereby grants the Client a non-exclusive, non-transferable, non-sublicenseable, worldwide, royalty-free license to use and copy the McKinsey Tools solely as part of the Deliverables and subject to the limitations herein on disclosure of McKinsey materials and publicity.

5. DISCLOSURE OF MCKINSEY MATERIALS; PUBLICITY. McKinsey's work for the Client is confidential and for the Client's internal use only; provided, however, the Client may disclose such work to the extent such disclosure is necessary or desirable to carrying out the Client's statutory duties. The Client agrees that it will not disclose McKinsey's name in relation to any disclosure of work hereunder without McKinsey's consent. McKinsey will not disclose the Deliverables to any third parties (including any non-voting Board members) without the Client's prior written permission. McKinsey further agrees not to use the Client's name in any communication with any third party without the other party's prior written permission, including in press releases or other public announcements. If the Client receives a public records request for Deliverables or other documents containing McKinsey information, the Client will allow McKinsey the ability to review the documents prior to disclosure to advise if the documents contain information subject to an exception or exemption to the relevant public records law.

6. SERVING COMPETITORS. It is McKinsey's long-standing policy to serve competing clients and clients with potentially conflicting interests as well as counter-parties in merger, acquisition and alliance opportunities, and to do so without compromising McKinsey's professional responsibility to maintain the confidentiality of client information. Consistent with such practice and McKinsey's confidentiality obligations to its other clients, McKinsey is not able to advise or consult with the Client about McKinsey's serving the Client's competitors or other parties. To avoid situations of potential conflict, McKinsey will not, for a period of one year following an engagement for the Client, assign any consultant who receives Confidential Information in connection with such engagement to a competitively sensitive project, including a directly-conflicting engagement with the Government of Puerto Rico. Notwithstanding the foregoing, the Client understands and agrees that so long as McKinsey has appropriate procedures in place to mitigate any potential conflict, it may serve the Government of Puerto Rico on related matters.

7. INDEMNIFICATION.

(a) Deliverables produced hereunder are not intended as a substitute for financial, investment, legal, accounting or other professional advice, and McKinsey does not intend to supplant the Client or the Government of Puerto Rico's management or other decision-making bodies.

(b) The Client and the Government of Puerto Rico remain solely responsible for its decisions, actions, use of the Deliverables and compliance with applicable laws, rules and regulations. McKinsey agrees to indemnify and hold the Client harmless from and against all loss, liability, damage, cost, or expense (including reasonable attorney fees) ("Losses") to the extent those Losses are determined by a final, non-appealable order or arbitral award to have resulted from McKinsey's gross negligence or willful misconduct in the performance of the Services.

(c) The Client agrees to indemnify and hold McKinsey harmless from any Losses (including the costs of McKinsey's professional time) relating to the Services (including any Losses asserted by the Client, its agents or representatives, or third parties and any Losses sustained by McKinsey when participating in any legal, regulatory, or administrative proceeding relating to the Services), except to the extent those Losses are determined by a final, non-appealable order or arbitral award to have resulted from McKinsey's gross negligence or willful misconduct in the performance of the Services.

(d) The Client further indemnifies McKinsey, including any member, officer or employee thereof including but not limited to the Revitalization Coordination role, in any instance where it is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, against judgments, fines, amounts paid in settlement and expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with such action, suit or proceeding, unless it acted with bad faith or engaged in intentional misconduct and, with respect to any criminal action or proceeding, unless it knew or should have known the conduct was unlawful. The termination of any act, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that McKinsey (or any of its members, officers or employees) did not satisfy these standards.

Neither party will be liable for any lost profits or other indirect, consequential, incidental, punitive or special damages. In no event shall McKinsey's liability to the Client in connection with the Services relating to an engagement for the Client exceed the amount paid to McKinsey by the Client in connection with such engagement.

8. AUTHORITY OF THE BOARD. The Client represents and warrants it has the authority to enter into this Agreement for the Services. In the event that it is determined that the Client did not have authority to authorize all or part of this agreement, McKinsey may make the sole determination as to whether to terminate the Agreement according to Section 10 herein, or continue with those parts of the Services for which the Client does have authority. The Client agrees to indemnify and hold McKinsey harmless from any Losses (including the costs of McKinsey's professional time) resulting from a breach of this Section 8 and/or a misrepresentation by the Client of authority to act (including any Losses asserted by the Client, its agents or representatives, or third parties and any Losses sustained by McKinsey when participating in any legal, regulatory, or administrative proceeding relating to the Services).

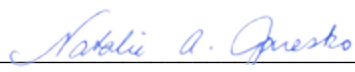
9. CONFLICTS OF INTEREST. The Client agrees that performance of Services hereunder shall not conflict McKinsey from serving the Government of Puerto Rico or any stakeholders to the work, subject to the restrictions in Section 6 – "Serving Competitors."

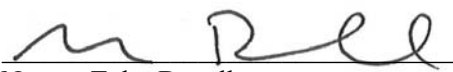
10. TERM AND TERMINATION. This agreement takes effect on the date the Services commenced and shall continue until terminated in accordance with its terms. Either party may terminate the Services at any time effective upon 30 days written notice to the other. In the event of any termination, the Client will pay McKinsey for the work completed up to the effective date of termination.

11. MISCELLANEOUS. This agreement and the Proposals constitute the entire agreement between the parties, and there are no prior or contemporaneous oral or written representations, understandings or agreements relating to this subject matter that are not fully expressed herein or therein. This agreement and the Proposals shall be governed by and construed in accordance with the laws of the State of New York without regard to conflicts of law principles and shall inure to the benefit of and be binding on the successors and assigns of the Client and McKinsey. The following Sections shall survive the completion or any termination of the Services: 3 (Confidentiality), 4 (Intellectual Property), 5 (Disclosure of McKinsey Materials; Publicity), 6 (Serving Competitors), 7 (Indemnification), 8 (Term and Termination) and 9 (Miscellaneous) and any other provision which by law or by its nature should survive. Neither party may assign its rights or obligations under this agreement to any person or entity without the written consent of the other party, not to be unreasonably withheld, provided, however, that either party may assign its rights and obligations under this agreement to its affiliates upon reasonable written notice to the other party but without the written consent of the other party. Assignment shall not relieve either party of its obligations hereunder. McKinsey is an independent contractor and not the Client's agent or fiduciary. Notwithstanding any course of dealings of the parties at any time or any statement to the contrary contained therein, no purchase order, invoice or other similar document issued by a party shall be construed to modify the terms of this agreement. Rights and remedies provided in this agreement are cumulative and not exclusive of any right or remedy provided at law or in equity.

The Financial Oversight and Management Board for Puerto Rico
(Client)

McKinsey & Company, Inc., Washington D.C.


Name: Natalie A. Jaresko
Title: Executive Director
Date: Sept. 12, 2017


Name: Tyler Duvall
Title: Partner
Date: September 8, 2017

ATTACHMENT 1
Scope of Work
For
Commonwealth Title III Support

Services:

In regards to support for the Commonwealth Title III proceedings to the Board to include:

Activities:

- Participation in and coordination of cross advisor meetings (Board, Commonwealth and/or Stakeholders) regarding Title III related matters
- Preparation of materials necessary for supporting Fiscal Plan litigation, which could include:
 - Assemble fact base regarding process for creation, stress testing and certification of the fiscal plan
 - Assemble fact base regarding additional analyses created for the FOMB with respect to evaluating/stress testing the FY18 fiscal plan
 - Collect and summarize key input sources and supporting analysis for key fiscal plan assumptions
 - Assemble fact base regarding process and supporting analysis used to identify and evaluate key measures proposed and finally included in the fiscal plan
 - Prepare and/or evaluate alternative fiscal plan scenario analyses in support of requested alternative contexts
 - Prepare analyses in support of litigation activities
- As needed, ad-hoc analyses and/or responses to questions regarding litigation or potential litigation relating to the Fiscal Plan or other Commonwealth Title III matters
- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
 - Provide expert testimony (at most 2 per quarter)
 - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
 - Provide support at related stakeholder interactions, which may include presentations

Deliverable:

- Monthly report regarding liquidity performance and strategic choices on liquidity related to Title III proceedings and/or ad hoc analysis performed within that month.

Support Structure and Cost:

- The cost for this work will be \$740,000 per month and will continue so long as the Commonwealth Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support this contract will be amended to reflect any required support.

Payment Schedule

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25th day of each calendar month.

ATTACHMENT 2
Scope of Work
for
Title III Support for PREPA

Services:

In regards to work specifically supporting the Title III proceedings for the Board with relation to PREPA, McKinsey will support the Board in the following ways:

1. Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for PREPA

Activities:

The core activities include working directly with the Board, the Executive Director and Board Staff in the following areas (as well as ad hoc and as needed support):

- Establishment of the PREPA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead PREPA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with PREPA, AAFAF and its experts and advisors
- Develop transformation plan for PREPA for Title III which includes but is not limited to:
 - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
 - Debt restructuring terms and plans, agreed with creditors to the extent possible
 - Detailed privatization/corporatization plans supported by financial models and market engagement
 - Detailed action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
 - Governance and management plans that will enable delivery of actions
 - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
 - Macro-resource planning when required (e.g. updated IRP for PREPA)
 - Clear assessments of economic and social impacts on the people of Puerto Rico
 - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board PREPA subcommittee to provide updates and take guidance on PREPA transformation and Title III
- Monitor implementation of all aspects of the PREPA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

- Conduct limited market engagement as necessary to identify potential privatization options for PREPA
- Lead development of an integrated resource plan for PREPA to support the Transformation Plan in coordination with PREC and PREPA
- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
 - Provide expert testimony (at most 2 per quarter)
 - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
 - Provide support at related stakeholder interactions, which may include presentations

Deliverables:

A monthly report describing progress against transformation objectives, as well as specific supporting analyses, including:

- Detailed action plans, including e.g. structural solutions, governance, likely economic impacts and operational stabilization
- Synopsis of market perspectives related to different potential options
- Integrated resource plan

Support Structure and Cost:

- The cost for this work will be \$740,000 per month and will continue so long as the Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support this contract will be amended to reflect any required support.

Payment Schedule

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25th day of each calendar month.

ATTACHMENT 2
Scope of Work
for
Title III Support for HTA

Services:

In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:

Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA

Activities:

The core activities include working directly with the Board, the Executive Director and Board Staff in the following areas (as well as ad hoc and as needed support):

- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III which includes but is not limited to:
 - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
 - Debt restructuring terms and plans, agreed with creditors to the extent possible
 - Detailed privatization/corporatization plans supported by financial models and market engagement
 - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
 - Governance and management plans that will enable delivery of actions
 - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
 - Macro-resource planning when required
 - Clear assessments of economic and social impacts on the people of Puerto Rico
 - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance
- Support litigation related to the HTA proceedings, which has commenced

- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
 - Provide expert testimony (at most 2 per quarter)
 - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
 - Provide support at related stakeholder interactions, which may include presentations

Deliverables:

A monthly report describing progress against transformation objectives, as well as specific supporting analyses, including:

- Detailed action plans, including e.g. structural solutions, governance, likely economic impacts and operational stabilization
- Synopsis of market perspectives related to different potential options
- Integrated resource plan

Support Structure and Cost:

- The cost for this work will be \$720,000 per month and will continue so long as the HTA Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support, this contract will be amended to reflect any required support.

Payment Schedule

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25th day of each calendar month.

**FIRST AMENDMENT TO CONSULTING AGREEMENT
BETWEEN MCKINSEY & COMPANY, INC. WASHINGTON DC AND
THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO
FOR STRATEGIC CONSULTING SUPPORT RE COMMONWEALTH TITLE III SUPPORT**

THIS FIRST AMENDMENT to the Consulting Agreement (the "First Amendment") effective date of November 1, 2017 is entered into by and between McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico (the "Board" or the "Client") (together, the "Parties").

WHEREAS, on or about July 3, 2017, McKinsey and the Board entered into a Consulting Agreement (the "Consulting Agreement") for strategic consulting support related to Commonwealth Title III Support (the "Services"); and

WHEREAS, following Hurricanes Maria and Irma, the Parties wish to expand the scope of services under the Consulting Agreement to support the Board's in connection with the required re-construction of the fiscal plan post-Hurricane; and

WHEREAS, the Parties now desire to amend the Consulting Agreement to reflect the new understanding between the Parties as set forth below;

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties hereto agree as follows:

1. SERVICES.

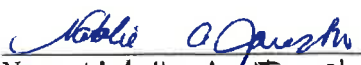
"Attachment 1 Scope of Work for Commonwealth Title III Support" of the Consulting Agreement is hereby replaced in its entirety with the "Amended Attachment 1 Scope of Work for Commonwealth Title III Support", attached hereto; and "Attachment 3 Scope of Work for Title III Support for HTA" of the Consulting Agreement is hereby replaced in its entirety with the "Amended Attachment 3 Scope of Work for Title III Support for HTA", attached hereto. For the avoidance of confusion, "Attachment 2 Scope of Work for Title III Support for PREPA" of the Consulting Agreement shall remain unchanged. If additional activities and/or deliverables are required outside of those described herein, the Parties will negotiate a further amendment to reflect that support.

11. MISCELLANEOUS.

This First Amendment, when executed by the Parties, shall be effective as of the date stated above. All understandings and agreements heretofore had between McKinsey and the Board with respect to the Services are merged into, or superseded by, this First Amendment. This First Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. Except as amended and/or modified by this First Amendment, all other terms of the Consulting Agreement shall remain in full force and effect, unaltered and unchanged by this First Amendment.

IN WITNESS WHEREOF, the parties have executed this First Amendment, effective as of the date indicated above.

**The Financial Oversight and Management Board
For Puerto Rico**


Name: Natalie A. Jaresko

Title: Executive Director

Date:

McKinsey & Company, Inc., Washington D.C.


Name: Tyler Duvall

Title: Principal

Date: March 8, 2018

AMENDED ATTACHMENT 1
Scope of Work For Commonwealth Title III Support

PERIOD OF PERFORMANCE:

November 1, 2017 – March 31, 2018

SCOPE:

Support for the Commonwealth Title III proceedings to the Board to include the following:

I. Measure:

- Revising fiscal measures contained in the March 13th Certified Fiscal Plan to reflect both magnitude of impact and feasibility of implementation post-hurricanes
- Developing new and augmented measures (e.g., agency-specific right-sizing measures) to achieve structural balance in post-hurricanes fiscal projections, including savings attributable to workflow reduction and demographic shifts
- Liaising with Government to incorporate updated data (e.g., healthcare population assumptions) and other inputs relevant to fiscal reform revisions
- Providing perspective on implementation planning and necessary support required for high-priority measures
- Coordinating weekly problem solving with FOMB staff, FOMB leadership and Board members, as needed
- Preparing documents and other support for listening session dedicated to measures redevelopment
- Providing Independent Board perspective of potential revised fiscal reforms, including measure-specific targets and initiatives to capture fiscal value
- Preparing presentations and documents for public listening sessions, creditor sessions and other stakeholder engagement on fiscal measures
- Providing support models and documentation for sizing of specific levers

II. Baseline and Macro:

- Reviewing full certified March 13th Fiscal Plan revenue and expenditure build (business-as-usual baseline) to identify major areas of impact post-Hurricane (e.g., based on population changes / movements, infrastructure impacted, etc.)
- Working with Board demographers and macroeconomists to triangulate major macroeconomic, rev/exp build assumptions across top-down and bottom-up data sources (incl., reports, real-time data, expert interviews) to identify new figures to represent major factors / assumptions
- Ensuring any new assumptions are incorporated within the comprehensive fiscal model
- Preparing documents and other support for listening session dedicated to macroeconomic, rev/exp build assumptions
- Providing Independent Board perspective on updated fiscal plan baseline in post-Maria context
- Preparing presentations and documents for public listening sessions, creditor sessions and other stakeholder engagement on fiscal measures
- Providing support models and documentation for new baseline

III. Advisor, Stakeholder, Litigation Support and Fiscal Plan Model:

- Prepare content, participate in, coordinate and lead cross advisor meetings and support stakeholder interactions
- Prepare content, participate in and advise the FOMB with respect to mediation sessions and Board meetings
- Continue development and refinement overall fiscal plan model working with Board staff, the Board and the Government
- Perform scenario analyses as requested by FOMB to assess impact of Hurricane Irma/Maria to Fiscal Plan

- Lead coordination with government advisors and government representatives on development, review and FOMB certification of any revised/new fiscal plan(s) and/or supporting materials
- Ad-hoc analyses and/or responses to questions regarding litigation and potential litigation related to Fiscal Plan and CW Title III
- Where required, provide expert testimony on the Fiscal Plan (2 per quarter) as well as analytical support for such expert testimony.

FEEES AND INVOICING:

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
November 2017	\$2,220,000
December 2017	\$1,650,000*
January 2018	\$1,940,000
February 2018	\$1,940,000
March 2018	\$1,940,000

* McKinsey's monthly fixed fee for December 2017 has been prorated to reflect a shorter working month in light of the holidays and office closure.

McKinsey will submit invoices (Monthly Fee Statement) on a monthly basis, on or before the 25th day of each calendar month following the month during which the services were performed.

AMENDED ATTACHMENT 3
Scope of Work For Title III Support for HTA

PERIOD OF PERFORMANCE:

November 1, 2017 – March 31, 2018

SCOPE:

In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:

- Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA
- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III to include:
 - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
 - Debt restructuring terms and plans, agreed with creditors to the extent possible
 - Detailed privatization/corporatization plans supported by financial models and market engagement
 - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
 - Governance and management plans that will enable delivery of actions
 - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
 - Macro-resource planning when required
 - Clear assessments of economic and social impacts on the people of Puerto Rico
 - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

FEES AND INVOICING:

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
October 2017	\$0*
November 2017	\$300,000**

December 2017	\$300,000**
January 2018	\$425,000
February 2018	\$425,000
March 2018	\$425,000

McKinsey will submit invoices monthly, on or before the 25th day of each calendar month following the month during which the services were performed.

*Due to the slow ramp up of work related to HTA post-Hurricane, McKinsey did not perform significant HTA-related work in October (under Attachment 3 Scope of Work for Title III Support for HTA of the Consulting Agreement) and has agreed to invoice \$0 for that month.

** For November and December, McKinsey performed two (2) weeks of work per month, and has agreed to invoice \$300,000 for each month (based on McKinsey's standard \$150,000/week team bundle rate).



**SECOND AMENDMENT TO CONSULTING AGREEMENT
BETWEEN MCKINSEY & COMPANY, INC. WASHINGTON DC
AND THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO
FOR STRATEGIC CONSULTING SUPPORT RE COMMONWEALTH TITLE III SUPPORT**

THIS SECOND AMENDMENT to the Consulting Agreement (the "Second Amendment") effective date of April 1, 2018, is entered into by and between McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico (the "Board" or the "Client") (together, the "Parties").

WHEREAS, on or about July 3, 2017, McKinsey and the Board entered into a Consulting Agreement (the "Consulting Agreement") for strategic consulting support related to Commonwealth Title III Support (the "Services"); and

WHEREAS, effective November 1, 2017, the Parties amended the Consulting Agreement to expand the scope of services to support the Board in connection with the required re-construction of the fiscal plan post-Hurricane (the "First Amendment"); and

WHEREAS, the Parties now desire to make additional amendments the Consulting Agreement to extend its duration and make modifications to the scope of services, as set forth below; and

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties hereto agree as follows:

1. SERVICES.

For both "Commonwealth Title III Support" and "Title III Support for HTA", the period of performance shall be extended through June 30, 2019. For this period of performance, the scope of services for "Commonwealth Title III Support" is reflected in the "Second Amended Attachment 1 Scope of Work for Commonwealth Title III Support", attached hereto; and the scope of services for "Title III Support for HTA" is reflected in the "Second Amended Attachment 3 Scope of Work for Title III Support for HTA", attached hereto. For the avoidance of confusion, "Title III Support for PREPA", as memorialized in the Consulting Agreement, shall remain unchanged. If additional services, activities and/or deliverables are required outside of those described herein, the Parties will negotiate a further amendment to reflect that support.

11. MISCELLANEOUS.

This Second Amendment, when executed by the Parties, shall be effective as of the date stated above. All understandings and agreements heretofore had between McKinsey and the Board with respect to the Services are merged into, or superseded by, this Second Amendment. This Second Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. Except as amended and/or modified by this Second Amendment, all other terms of the Consulting Agreement and First Amendment shall remain in full force and effect, unaltered and unchanged by this Second Amendment.

IN WITNESS WHEREOF, the parties have executed this Second Amendment, effective as of the date indicated above.

**The Financial Oversight and Management Board
For Puerto Rico**



Name: Natalie A. Jaresko

Title: Executive Director

McKinsey & Company, Inc., Washington D.C.



Name: Tyler Duvall

Title: Partner

SECOND AMENDED ATTACHMENT 3
Scope of Work for Title III Support for HTA

PERIOD OF PERFORMANCE AND SCOPE:

For **April 2018**, the scope of work shall be as described in the November 2017 Amended Attachment 1 Scope of Work for Title III Support for HTA.

From **May 2018 – June 2019**, the scope of work shall be as follows:

In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:

- Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA
- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III to include:
 - Operational efficiency measures focused on near and immediate term actions to maintain sustainable operations
 - Capex program priorities and efficiency measures
 - Opportunities to increase revenues
 - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
 - Governance and management plans that will enable delivery of actions
 - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure and implementation plans
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

FEES AND INVOICING:

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
April 2018	\$425,000
May 2018 – June 2019	\$310,000/month

McKinsey will submit invoices monthly, on or before the 25th day of each calendar month following the month during which the services were performed.

SECOND AMENDED ATTACHMENT 1
Scope of Work for Commonwealth Title III Support

PERIOD OF PERFORMANCE AND SCOPE:

For **April 2018**, the scope of work shall be as described in the November 2017 Amended Attachment 1 Scope of Work for Commonwealth Title III Support.

From **May 2018 – June 2019**, the scope of work shall be as follows:

Support for the Commonwealth Title III proceedings to the Board to include the following:

Advisor, Stakeholder, Litigation Support and Fiscal Plan Model:

- Prepare content, participate in, coordinate and lead cross advisor meetings and support stakeholder interactions
- Prepare content, participate in and advise the FOMB with respect to mediation sessions and Board meeting
- Prepare content and analyses and work alongside FOMB, government and stakeholders advisors with regards to development of Plan(s) of Adjustment
- Lead preparation of “best interests” analysis in coordination with other FOMB advisors
- Lead any further development, refinement or updates to fiscal plan and/or models working with Board staff, the Board and the Government
- Lead coordination with government advisors and government representatives on development, review and FOMB certification of any revised/new fiscal plan(s) and/or supporting materials
- Perform scenario analyses as requested by FOMB to assess impact of Hurricane Irma/Maria to Fiscal Plan
- Prepare analyses, support FOMB counsel and lead coordination of information diligence related to potential litigation involving the certified Fiscal Plan and/or other CW Title III matters
- Where required, provide expert testimony on the Fiscal Plan (2 per quarter) as well as analytical support for such expert testimony. If additional expert testimony is required, the Parties will negotiate additional fees.

FEES AND INVOICING:

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
April 2018	\$1,940,000
May 2018 – June 2019	\$1,417,500/month

McKinsey will submit invoices (Monthly Fee Statement) on a monthly basis, on or before the 25th day of each calendar month following the month during which the services were performed.

EXHIBIT B

***Certification of McKinsey Washington Senior Partner
Thomas Dohrmann***

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

-----X

In re:

PROMESA

Title III

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3567-LTS

PUERTO RICO HIGHWAY AND
TRANSPORTATION AUTHORITY ("HTA"),

(Jointly Administered)

Debtors.

-----X

CERTIFICATION OF THOMAS DOHRMANN

I, Thomas Dohrmann, hereby declare the following under penalty of perjury:

1. I am one of the McKinsey Washington Partners providing consulting services related to the above-captioned Title III case;
2. I have been involved in, and managed the provision of professional services rendered by McKinsey Washington as strategic consultant to The Financial Oversight And Management Board For Puerto Rico, as representative of Debtors and am generally familiar with the work performed by the Partners, managers, associates, and other persons in the Firm;
3. The facts set forth in the foregoing Eighteenth Monthly Fee Statement: Title III Support for HTA are true and correct to the best of my knowledge, information, and belief;
4. I have reviewed the Interim Compensation Procedures and believe that McKinsey Washington's Eighteenth Monthly Fee Statement: Title III Support for HTA complies therewith; and
5. In accordance with Section 11.a. of the Interim Compensation Procedures, I hereby certify as follows:
 - i. No public servant of the Department of Treasury is a party to or has any interest in the gains or benefits derived from the Consulting Agreement (the contract) that is the basis of this invoice;
 - ii. The only consideration for providing services under the Consulting Agreement (the contract) is the payment agreed upon with the authorized representatives of the Debtor;

- iii. The amounts of these invoice are reasonable;
- iv. The services were rendered and the corresponding payment has not been made; and
- v. To the best of my knowledge, McKinsey Washington does not have any debts owed to the Government of Puerto Rico or its instrumentalities.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: September 5, 2019
Washington, DC

s/Thomas Dohrmann
Thomas Dohrmann
Senior Partner
McKinsey & Company, Inc. Washington DC

EXHIBIT C

Certification of FOMB Executive Director Natalie Jaresko

UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO

-----X

In re:

PROMESA
Title III

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3283-LTS

THE COMMONWEALTH OF PUERTO RICO,
et al.

(Jointly Administered)

Debtors.

-----X

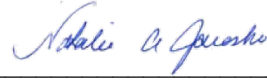
**CERTIFICATION OF THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD
FOR PUERTO RICO AUTHORIZING SUBMISSION OF MCKINSEY WASHINGTON'S
MONTHLY FEE STATEMENTS FOR THE MONTH OF JUNE 2019**

In accordance with the Second Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals [Docket Number 3269, June 6, 2018] ("Interim Compensation Procedures"), I hereby certify as follows:

1. I am the Executive Director of The Financial Oversight And Management Board For Puerto Rico ("FOMB");
2. On or about July 3, 2017, on my authorization, FOMB entered into a consulting agreement with McKinsey Washington for consulting services in support of the Title III litigation, which was first amended effective November 1, 2017, and amended again effective April 1, 2018 (the "Consulting Agreement");
3. McKinsey Washington has satisfactorily performed and fulfilled its obligations under the Consulting Agreement for the services provided in June 2019 under each of the three (3) workstreams of the Consulting Agreement, namely "Commonwealth Title III Support", "Title III Support for PREPA", and "Title III Support for HTA"; now, therefore,
4. Pursuant to Section 11.b. of the Interim Compensation Procedures, McKinsey Washington is hereby authorized to submit its Monthly Fee Statements for the allowance of compensation for reasonable and necessary strategic consulting services and support

provided during the month of June 2019, pursuant to each of the three (3) workstreams of the Consulting Agreement, namely “Commonwealth Title III Support”, “Title III Support for PREPA”, and “Title III Support for HTA.”

Dated: September 3, 2019



Natalie Jaresko, Executive Director
The Financial Oversight and
Management Board For Puerto Rico

EXHIBIT D

Title III Support for HTA

June 2019

Summary of Work

In June, the HTA Team focused on finalizing and certifying HTA's Fiscal Plan and FY20 budget and further developing expectations for HTA's performance monitoring to ensure HTA's compliance with the Fiscal Plan. Specifically, June focused on refining HTA's FY20 budget for certification, including sending a Notice of Violation ("NOV") letter; introducing additional budget granularity to toll increases, payroll, and professional services; and incorporating feedback from Federal Highway Authority ("FHWA").

In finalizing the FY20 budget, the team reviewed drafts of the budget and collected feedback from FHWA, HTA and its advisors, and the Board subcommittee. Additionally, the team met with HTA to review the NOV and to discuss budget gaps and next steps.

McKinsey Washington's HTA Title III Team Detailed Activities by Deliverable

■ Budget development

- Prepared a draft of the FY20 budget for HTA based on the Fiscal Plan, identifying Fiscal Plan line items for greater granularity in the budget to better ensure HTA compliance with the planned fiscal measures
- Facilitated HTA FY20 budget development, providing regular updates and ensuring Board feedback was incorporated into the budget
- Reviewed HTA's budget submission and identified potential fiscal plan violations for Board subcommittee review and inclusion in the FY20 budget Notice of Violation
- Facilitated budget submission process including identifying potential fiscal plan violations
- Facilitated HTA budget draft to support both accurate representation of federal funds available and the budget's compliance with federal standards
- Facilitated budget certification process, including developing a work plan and facilitating regular meetings

■ Fiscal Plan development and monitoring

- Submitted Fiscal Plan for final Board approval
- Prepared monthly reporting memo from HTA budget-to-actuals report, identifying areas of concern for further discussion within FOMB and with FHWA
- Reviewed update materials for Executive Director, providing input on key messages and contextual elements, e.g., current situation at HTA, key areas of performance
- Participated in discussions with FHWA division administrator on HTA's progress against capital program

- Provided industry expertise on approaches for HTA to aggregate and visualize data on both capital program delivery and road quality and safety
- Reviewed HTA’s cash balances, including sources, uses, and restrictions
- Prepared perspective on accounting and fund carryover principles to address FOMB Executive Director concerns around a balanced HTA budget
- Analyzed road construction contract for alignment with the Fiscal Plan
- Fiscal Plan support
 - Participated in working sessions with HTA on i) toll optimization and rightsizing; ii) model updates; and iii) budget process and CIP
 - Participated in call with PJT on HTA’s financial performance and potential in terms of tolls, concessions, and Tren Urbano
 - Researched and synthesized FHWA funding requirements and their impact on HTA’s Fiscal Plan and budget
 - Synthesized a view of toll fine collection performance expectations, as well as best practices in fine collection, from conversations with external experts

McKinsey Washington’s HTA Title III Team Detail and Contributions

The McKinsey team was led by Mike Kerlin and Aaron Bielenberg, who provided overall strategic guidance, expert input and coordination with other workstreams, an Associate Partner - Ben Safran, who provided direction to the working team and facilitated stakeholder management, as required, on a day-to-day basis - and Roberto Charon, who provided expert input on capital projects and infrastructure. The working team consisted of one full-time Engagement Manager (Zarif Jamil), a full-time Associate (Rustin Fakheri), and a Business Analyst (Sam DeFabrizio).

- Mike Kerlin (Partner – part-time – content director infrastructure):
 - Shared strategic planning best practices with regards to FOMB’s approach to the FY20 HTA budget development process
 - Refined FY20 budget assumptions to encourage positive social impact
- Aaron Bielenberg (Associate Partner – part-time – content director infrastructure):
 - Provided validation of budget implications of capital program plan against experience with other U.S. and international highway authorities
 - Refined budgeting approach for HTA capital program to ensure appropriate availability of funds and adequate flexibility to enable full delivery of the capital program
- Roberto Charon (Associate Partner – part-time – expert on capital projects and infrastructure):
 - Provided industry expertise on approaches for HTA to aggregate and visualize data on both capital program delivery and road quality and safety

- Reviewed the draft budget and provided expert capital projects perspective on the capital improvement program proposal and the funding made available
- Ben Safran (Associate Partner – part-time – engagement director and expert in infrastructure):
 - Facilitated FOMB-FHWA meeting with FHWA division administrator on HTA's progress against capital program
 - Facilitated meeting with HTA to discuss the NOV and HTA's planned path forward
 - Reviewed and commented on HTA's revised FY20 budget e.g., granularity and level of accounting detail, capital program assumptions
 - Participated in working sessions with HTA on i) toll optimization and rightsizing; ii) model updates; and iii) budget process and CIP
 - Facilitated meeting with FHWA to understand implications on federal funding of toll optimization costs offsetting the CIP
 - Reviewed draft FY20 budget and facilitated conversation with Executive Director and handoff for certification
 - Reviewed update materials providing input on key messages and contextual elements, including, e.g., current situation at HTA, key areas of performance
- Zarif Jamil (Engagement Manager – full-time – engagement manager)
 - Facilitated working session with FOMB Executive Director to develop draft FOMB FY20 budget
 - Discussed budget NOV items with Executive Director and helped to identify suggested edits
 - Facilitated working session with HTA to explain post-submission adjustments
 - Reviewed and commented on HTA's draft NOV letter
 - Reviewed Del Valle road construction contract for alignment with the Fiscal Plan
 - Prepared perspective on accounting and fund carryover principles to address FOMB Executive Director concerns around a balanced HTA budget
 - Discussed cash balances with FOMB consultants to understand sources, uses, and restrictions
 - Participated in call with PJT to share latest thinking on tolls, concessions, and Tren Urbano
 - Helped brief Executive Director including developing key analysis and synthesizing key messages from budget development
 - Reviewed and refined deliverables including Fiscal Plan working session schedules for clarity of messaging and completeness
- Rustin Fakheri (Associate – full-time – CIP and FP monitoring)
 - Reviewed and commented on HTA's initial budget submission and prepared NOV items

- Analyzed monthly budget-to-actuals reporting submissions and identified areas for further discussion within FOMB and with FHWA
 - Prepared workplan to assist FOMB team on path to budget certification
 - Developed draft FY20 budget, commenced development of additional granularity on toll revenues, salary and related benefits, CIP and other operating expenses
 - Update draft FOMB FY20 budget to reflect Commonwealth plan budget principles
 - Draft budget submission template for use by HTA
 - Draft interview outline and interview experts on toll fine collection and best practices
 - Updated NOV incorporating Executive Director's suggested edits
 - Developed knowledge and content on FHWA project accounting practices
 - Validated and incorporated HTA budget corrections in response to NOV
 - Update draft FOMB FY20 budget, incorporating a more granular view of toll revenues and certain miscellaneous expenses
 - Reviewed HTA's budget submission and developed document on HTA budget for FOMB Board Subcommittee review
 - Incorporated comments from FOMB Executive Director into the budget for Board certification
- Sam DeFabrizio (Business Analyst – CIP and FP monitoring)
- Analyzed historical fine collections performance and projected impact in FY20
 - Researched and synthesized FHWA funding requirements and their impact on HTA's Fiscal Plan and budget
 - Updated fiscal plan charts and exhibits to reflect FOMB model outputs

EXHIBIT E

June 2019 Invoice

McKinsey&Company

The Financial Oversight and
Management Board for Puerto Rico
PO Box 195556
San Juan, Puerto Rico 00919-5556

ATTN: Promesa Assistant
accountspayable@promesa.gov

Invoice No: USQ-8144YQ-5851

Consulting Agreement
Client for Strategic Consulting support related to
the Title III Cases
Effective Agreement Date: November 1, 2017
Amendment Date: April 1, 2018

Invoice Date: 07/30/2019

Net 30

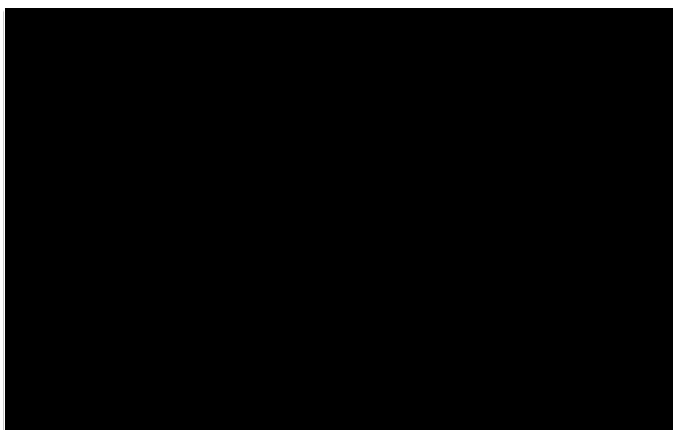
FFP Payment Schedule for HTA Services

Invoice PoP: June 1, 2019 – June 30, 2019

Gross invoice amount for services performed outside Puerto Rico:	\$	64,056.61
Gross invoice amount for services performed in Puerto Rico:	\$	346,399.14
Subtotal	\$	410,455.75
Less withholding tax deducted at source	\$	(100,455.75)
Net Invoice Payable:	\$	310,000.00

Total Invoice: \$ 310,000.00

McKinsey reserves the right to reissue an invoice to account for changes in applicable taxes.



Please reference the invoice number and invoice date on your remittance advice.

For advice or questions on remittances, please contact

